

Japanese economy Is the package too little, too late?



The core to the fore International mergers and acquisitions Survey, Pages 27-34



Sexual harassment How to curb the office pest





FINANCIAL TIMES

Surprise accord raises hopes for talks on Bosnia

Hopes that Bosnian peace talks could be reconvened soon were bolstered when the interna-tional mediators, Lord Owen and Mr Thorvald Stoltenberg, announced they had called the three warring parties to Sarajevo next Tuesday "to consider signing" an overall settlement. The move follows a surprise accord with the Bosnian Serbs signed by Bosnian president Alija Izetbegovic. The situation has been inflamed, however, by reports that Moslems massacred 30 Croat civilians on Wednesday. Page 3

Short-term borrowing attacked: The "innovative" practice of financing capital investment with short-term borrowings came under fire from Johann Wilhelm Caddum, the vice-president elect of the Bundesbank. Page 16

Danes cut discount rate by half point The Danish



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central bank cut Its discount rate half a point to 8.75 The krone remained steady at DKr4.11 to the D-Mark even after the rate cut. "This cut in the discount

rate is a visible

the rest of the world that the central bank is willing to lower rates," said a senior banker. Page 2

Balladur's piea: French premier Edouard Balladur urged industry to minimise joh cuts and avoid using redundancies as the "easy solution" to economic troubles. Page 16

Commission cools debate: The European Commission mounted a damage limitation exercise after the call hy president Jacques Delors for new rules to combat speculative attacks on European currencies. Page 16

Japanese trust banks act: Mitsubishi Trust and Banking and Sumitomo Trust and Banking. the Japanese trust banks, took advantage of the country's financial deregulation to establish securities subsidiaries. Page 17

Adviser blamed: Hungary's privatisation . authority is striking Magyar Paribas, the local subsidiary of France's Paribas, off Its list of advisers. Hungary's State Property Agency claimed Paribas had made "big mistakes" as consultant on the privatisation of a bakery. Page 17

Mother Teresa has surgery: Mother Teresa underwent surgery to clear a blocked heart vessel. The 83-year-old Roman Catholic nun was in stable condition after doctors in Calcutta inserted a catheter through an artery to open a blocked vessel on the left side of her heart.

De Klerk's objective: President F.W. de Klerk of South Africa is trying to persuade Chief Mangosuthu Buthelezi, leader of the mainly Zutu Inkatha Freedom party, to return to constitutional negotia-

EC companies miss out: European companies are missing opportunities in the global investment boom in high-growth developing countries, according to a new report hy the European Round Table, a club of 40 top industrialists. Page 4

Turner seeks compromise: Ted Turner, chairman of Turner Broadcasting System, said he was seeking a compromise with the French in a row over US programme content of his new satellite television channel. Page 20

Blow to shareholders: Japan's shareholders' rights movement suffered a setback when a Tokyo court ruled that directors of Nomura Securities were not required to reimburse the securities house for losses incurred in compensating favoured corporate clients for stock investment losses.

Greek self-off delayed: Greece's privatisation programme has a ind to a halt ahead of next month's election amid fears that if the socialists win It will be abandoned. Page 2

Cash distribution: General Dynamics, the US defence cop ractor which has been shrinking through the sale of large parts of its business, announced plans to distribute \$372m of the disposal proceeds to its shareholders, the third such cash disbursement this year. Page 20

E STOCK MARKET INDICES	# STERLING
FT-SE 100: 3003.9 (+14.5) Yield 3.9 FT-SE Guntrack 100 1257.07 (-3.40)	New York lambfine: \$ 1.532 London: \$ 1.5335 [1.551] DM 2.4625 [2.472] Fr 8.6 (8.622 SFr 2.15 (2.154
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Name On Page 20 Mails	Lm0.60 S.Anibia SR1

DM3.30	Matha	Lm0.60	S.Amble	SR11				
D1300	Maxocot	MDh13	Singapore	S\$4.10				
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R4216	Ngarie	R4845	Slovak Rp	S1.85				
R4816	Ngarie	Neth	R485	Slovak Rp	S1.85			
L2700	Orean	OR1.50	Sender	R2.00				
L2700	Pelidater	R485	Switz	S74.20				
L981.35	Portugal	E325	Turkia	Dini .250				
US\$1.35	Portugal	E325	Turkia	Dini .250				
L981.35	Portugal	E325	Turkia	Dini .250				
L981.35	Carter	Carter	L9800	L980	L985	Duty	Carter	Data
L981.36	Carter	Carter	Carter	L9800				
L983	Carter	Carter	Carter	L9800	L980	L985	Duty	

VW cancels finance deal of \$860m for Skoda

Move threatens to worsen strained relations with Prague

By Christopher Parkes

VOLKSWAGEN yesterday cancelled a complex DM1.4bn (\$860m) investment financing package for Skoda, its Czech subsidiary, hours before the deal was due to be signed in London.

The move, which threatens to bring VW into conflict with international banks and worsen strained relations with the government of the Czech Republic, highlighted the intensity of the scramble to cut costs at the trouhled automotive group.

The package, negotiated with the European Bank for Reconstruction and Development, the World Bank's International Finance Corporation, and a private banking consortium led hy Dresdner Bank, was no longer needed, VW said.

The participating banks, stunned by the news, offered no comment, but were hoping for a full explanation over dinner at the Mirahelle restaurant last night, arranged hy Dresdner Bank, and intended to celebrate the signing. Mr Ferdinand Piech, VW chair-

man, was understood to he attending. He is believed to have telephoned Mr Vaclav Klaus, the Czech prime minister, yesterday, to assure him that VW's commitment to Skoda remained unai tered by the decision. It was not clear if the VW

supervisory board, which must usually be consulted on important investment decisions, had been informed. "It was an honest step, even

though it was taken at short notice," said Mr Otto Ferdinand Wachs, a group spokesman. The company could have signed and then cancelled it, he added. He credited Mr José Ignacio López de Arriortúa, VW's contro-

versial production director, with improvements to manufacturing processes which had helped make the loan unnecessary. This is a positive move which

offer no detalls, he said, because the review was incomplete. A similar review last January resulted in a DM7bn cut in medium-term investment plans for the

DM4bn.

VW vehicles business. Spending for this year alone was halved to around DM6bn, and other investments were postponed.

The cancellation is likely to cause more unease in tha German government. It has been disturbed by the threat of damage to the national reputation by the storm surrounding Mr Piech and Mr López, who has been under criminal investigation on suspl-

Skoda and group (evel." Mr Wachs added.

interim results of an invest-

ment review, due to be consid-

ered hy the company's supervi-

sory board in November, showed

that productivity improvements

at Skoda meant investment

requirements would be "consider-

ably lower" than thought, the

Under current plans VW was expecting to spend a total of

DM7bn at Skoda this decade, it

added. It is understood that only

around DM500m has so far been

paid out this year. The planned total has been cut to around

The VW statement said further

cuts lay ahead for other parts of

the group, hut Mr Wachs could

company said in a statement.

against General Motors of the US for several months. Mr Günter Rexrodt, economics minister, recently abandoned an attempt to hroker peace between the two sides."

clons of industrial espionage

Earlier this week VW was ohliged to provide an emergency cash lujection of DM1.5hn for Seat, its Spanish subsidiary, after "unexpectedly" discovering that it was heading for a DM1.25bn loss this year. The discovery has dashed all hopes of the group's reaching break-even this year. VW is already embroiled in a

row with Prague after it announced an 8 per cent increase in Skoda prices in the Czech marwill improve profitability both at ket last month.



Return to favour: Yegor Gaidar greeted by Boris Yeltsin at a meeting of Russia's presidential council

Yeltsin reappoints Gaidar in boost for reform moves

By John Lloyd and Leyla Boulton in Moscow

MR YEGOR GAIDAR, the architect of Russla's economic reform, who resigned under pressure from parliament at the end of last year, is to rejoin the cabinet as a first deputy prime minister as the government acts to impose a tough package of spending cits and tax rises.

President Borls Yeltsln announced the appointment, a strong boost to faltering economic reform and an equally hig souh to parliament, as he visited an interior ministry troops division oear Moscow.

Mr Yeltsin was quoted by the official news agency Tass as saying that "in this way the conflict between the deputy ministers Oleg Lobov and Boris Fyodorov will be decided".

Mr Lobov, who has been pressing a programme of state investment and controls on the president, in opposition to Mr Fyodorov's advocacy of strict macroeconomic controls and cuts in state expenditure, appears to be the main loser - and with him, the alternative economic strategy based on state credits and an end to voucher privatisa-

The decision to invite back Mr Galdar, issued to the 37-year-old economist by Mr Viktor Chernomyrdin, tha prime minister, was taken around the time of a visit to Moscow earlier this week hy Mr Laurence Summers, the US Treasury undersecretary.

Mr Summers, who has been deeply concerned over the Rus-sian reform progress, to which the Group of Seven governments had pledged a package of support worth \$44bn, was sald to he heartened by his visit. He hoped that the international Monetary Fund and World Bank lending programmes, suspended because of lack of progress on reform. would be resumed hefore the year-end.

The decision to bring back Mr Gaidar, whether or not taken under direct US/G7 pressure, is clearly meant as a signal that Russia remains committed to reform - and that Mr Yeltsin is willing to confront parliament in his struggle to replace the consti-tution and the economic system.

It is not clear, however, how Mr Caidar will fit into the government structure. Those close to him say that he has already demanded that Mr Lobov, a for-mer Communist party official with close links to Mr Yeltsin. should he fired. At the same time, senlor officials in the finance ministry, Mr Fyodorov's base, cautioned last night that Mr Galdar and Mr Fyodorov, although both radicals, could

Hours before the appointment was announced, Mr Chernomyrdin had warned that the government would announce a package of cuts across all state spending. in what appears to be an effort to hring the faltering reform programme back on track.

Mr Chernomyrdin said the government "confronts a choice" between reasserting control over monetary policy, or plunging into ever higher hudget deficits and inflation. "The top priority in these conditions is financial sta-hilisation."

Dismay at Japan's \$58bn spending package

JAPAN'S new government yesterday announced Y6,150bn (\$58bn) of government spending, deregulation and measures to pass on the rewards of the yen's strength to consumers.

The measures, the government's first hig economic initiative, are designed to help pull the country back from the edge of recession. To widespread disap-pointment they fell short of pro-

posing income tax cuts. Business groups have urged tax reductions, but the sevenparty coalition is divided on fiscal policy and the ministry of finance is unwilling to lose revenue. Tax reform will instead be studied by a government panel. due to report next year.

That brings to Y18,350hn the amount set aside so far this year to stimulate the flagging econ-omy, after a Y13,200hn plan hy the previous government in April. Most of that has yet to be

spent, Mr Morihiro Hosokawa, the prime mlnister, admitted that yesterday's measures were insufficient to revive the economy, hut did not exclude further action. The yen rose against the dollar, while Tokyo stock prices fell sharply. The Nikkel average closed 445.64 points lower at

The plans received a lukewarm reception from economic analysts. However, they received a surprisingly cordial response from the US, which has been urging Japan to stimulate the economy to restrict its record trade surplus. Mr Laurence Sum-mers, the US Treasury undersecretary, who is visiting Tokyo, said he was pleased to see Mr Hosokawa introduce such measures so soon after taking office and hoped they would contribute to stimulating demand.

in London, British Treasury officials welcomed the measures to boost the economy and open markets, as well as recent reductions in market interest rates They cautioned, though, that it was not clear that the measures would produce recovery.

> Continued on Page 16 Details, Page 7

US Fed may act to assuage fears over monetary policy

in Washington

THE CHARGE that US monetary policy is too lax is likely to be taken seriously at next week's meeting of the Federal Reserve's policymaking open market com-mittee, although the Fed may not yet be ready to raise short-term interest rates.

In an interview in the New York Times, Mr David Mullins, the Fed's vice-chairman, referred to concerns that excessive growth of narrow measures of the money supply was creating a bubble in share and bond prices. "That's one reason to be wary of being more accommodative," he

Mr Mullins appeared to he responding to a recent report hy the shadow open market committee - a group of economists with leanings towards monetarism arguing that double-digit growth of the monetary base was artifi-cially boosting the prices of financial assets and, if not checked, would lead to a resurgence of consumer price infla-

The federal funds rate is at its than in exports.

Property Market

lowest level since the 1960s and has been close to zero in inflation-adjusted terms for at least a

Bank reserves have grown at a 12.5 per cent average rate in the past two years," according to Mr Mickey Levy, chief economist at Nations Bank in New York and a member of the shadow open mar-ket committee. This has "fuelled the demand for financial assets,

hidding up their prices". There has been some evidence of a divergence in the performance of the financial and real economies. While share and bond prices have soared this year, real gross domestic product grew only 1.3 per cent at an annual rate in

Figures yesterday appeared consistent with a modest acceleration of growth in the second half to an annual rate of 2.5 per cent to 3 per cent. The Commerce Department said industrial production rose 0.2 per cent last month and hy 4.2 per cent in the year to August. The merchandise trade deficit narrowed in July to \$10.3bn, against \$12.1bn in June. reflecting a bigger fall in imports

Many Wall Street economists are sceptical about the reasoning of the shadow open market committee, pointing out that the relationship between growth of the monetary base (currency and hank reserves) and nominal income has been weak in the

Mr Will Brown, chief economist at J.P. Morgan, the New York bank, said the rise in prices of financial assets was merely a sign that a deliberatively stimulative monetary policy was working. Talk of a bubble made little sense because the valuation of assets was not yet out of line with economic fundamentals. A 6 per cent long bond yield, for example, was to be expected given the rate of inflation, he

Mr Brown and others conceded that the shadow open market committee conclusions were probably right. Monetary policy had been correct hut it was now time to consider raising rates. He predicted that the Fed probably would raise short-term rates from 3 per cent to 3.5 per cent soon.

Money markets, Page 42

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

OR EC governments and central banks battling with foreign exchange market turhulence, the increased integration of International capital markets is both good and bad news. The positive aspect of the

lowering of barriers between different markets is that governments have been turning to foreign investors to fund soaring budget deficits.

The bad news is that the greatly expanded size of foreign bond market holdings has been a significant factor behind currency unrest during the past year.

The potential disruptiveness of capital flows on the \$1,000bn a day global foreign exchange market helps explain the spo-radic calls for capital controls since the July/August crisis in the exchange rate mechanism

Mr Jacques Delors, the EC Commission president, on Wednesday appeared to raise the possibility of partially reintroducing controls. Since the EC liberalised capital movements in 1990, much-expanded cross-border investment purchases have increased the share of foreign holdings in many countries' debt markets

THE case billed as Germany's

most spectacular trial since the

Nuremberg Tribunal wound up

yesterday with three second-

level East German officials

convicted for killings at the

Cold War border to the west,

But the cancer-stricken for-

mer communist leader. Mr

Erich Honecker, 81, was in

Chilean exile and his security

chlef, Mr Erich Mielke, 85, was

in a prison hospital when the

10-month proceedings ended.

agencies report from Berlin.

ever, these funds can move out as well as in. An Important reason behind upsets in the ERM has heen international investors' off-loading weaker currencies in order to cover their positions in these countries' bond markets.

Many of these holdings rep-

resent relatively short-term speculative investments, which can be quickly switched between different currencies. introducing controls on access to these markets could have a counter-productive effect by spurring international investors to shun currencies sealed off by capital barriers.

General scepticism about the wisdom of such proposals was yesterday summed up by an official at the Danish National

Denmark has put up with considerable speculative attacks against the krone during the past 12 months. But the official said: "Because capital markets are so integrated, our view is that capital controls are neither possible nor

Even after the forced widening of ERM fluctuation bands last month, worries about the volatility of these holdings continue to cast a shadow over EC monetary policies. Fears that

FREED: Heinz Kessler (left) and Fritz Streletz received jail sentences yesterday but were let out pending appeal

Former Prime Minister Willi

Stoph, the third ailing member

of the National Defence Coun-

cil who prosecutors said had

ordered border guards to shoot

Of the remaining defendants,

former Defence Minister Heinz

Kessler was sentenced to seven

and a half years in jail, his

deputy, Fritz Streletz, to five

and a half years and Suhl dis-

trict Communist party leader

Hans Albrecht to four and a

half years. Mr Kessler and Mr

to kill, was living at bome.

Border deaths defendants guilty

Streletz, who have spent 28

months in prison, were freed

after the trial pending appeal.

Mr Albrecht has been free on

account of poor health. All had

As in the 1945-46 Nuremberg

trial of Nazis, the court judged

the leaders of a defunct state

for human rights abuses

according to a code that did

not exist when the alleged

The trial opened after earlier

denied any wrongdoing.

crimes were committed.

PRESSURE

non-resident investors will dump bonds have heen one of the reasons preventing weaker currency countries from making rapid cuts in interest rates. France, Belgium and Denmark have all moved only cautiously to ease monetary policy since the end of July. They have avoided using the extra leeway to drift down against the

Another reason for prudence is the need to rebuild foreign exchange reserves depleted in July's unsuccessful defence of ERM parities.

D-Mark within the wider

bands.

rance, which spent an estimated FFr330bn (\$59bn) to defend the franc, still bas negative net currency reserves, according to figures published yesterday by the Bank of France

They show that the net deficit, which peaked at FFr176bn on August 5, was FFr90bn on September 9, an improvement from FFr104hn the previoua week. Competition among EC countries to attract international savings into their bond markets has so far benefited above all Germany.

According to Bundesbank figures, non-residents channelled a record net DM257bn into German domestic bonds in

the 12 months to end-June, of which DM171bn went into public sector bonds.

The Bundesbank's desire to maintain the D-Mark's international attractiveness has been a prime reason for its refusal to make faster cuts in short-term interest rates. This strategy appears to

Massive foreign inflows, financing a large proportion of the public sector deficit, have helped bring German bond market yields down to near post-war lows.

have paid off.

Foreigners held 26 per cent of total outstanding German public sector debt of DM1,350bn at the end of last year, against 21 per cent of the DM1,050bn debt total at end-

In France, foreign investors have also considerably stepped up their debt holdings. According to estimates in Paris, nonresident holdings of French government bonds of more than seven years maturity rose to FFr305bn (27 per cent of total outstanding debt) in April this year from FFr137bn (17 per cent) at end-1990.

Poreign holdings short-term French debt of five year maturity or less also rose strongly to FFr213bn (43 per cent of total) from FFr118bn (29

The ERM crisis shakeout: changes since July 30

		against the DM	Eurocurrencies	10 year nonus
. F250,	Germany	= 66	-19	-41
	Belgium	-1.31%	+75	+2
	Denmark	-4.94%	-750	-14
	France	-2.06%	-162	-47
	Italy	-4.28%	-37	-125
	Netherlands	+0.27%	-15	-34
ene and. Verten Teren	Spain	+4.14%	-156	-63
26	UK	-4.68%	-25	-28

per cent) at end-1990. On the Belgian cond market, rattled by speculative assaults on the Belgian franc, foreign investors are now interested

mainly in selling short-term and medium-term bonds. according to Brussels dealers. Some, however, are reinvesting in longer-term debt instruments. Latest Belgian central bank figures show foreign

boldings of medium- and long-term conds in May 1993 totalied BFr301bn (\$8.8bn), 11 per cent of the total, compared with BFr250bn, 17 per cent, in

Some dealers helieve foreigners' share of the market may now be below 10 per cent. There have been similar stories of large foreign involve-

June 1992.

markets. In Denmark, foreign holdings accounted for 14 per cent of outstanding debt at the end of last year, against 8 per

cent at end-1990. in some recent government bond issues in the Netherlands, foreign investors have accounted for up to 90 per cent

of sales - particularly for long-

dated 30-year paper. Overall, foreign Investors accounted for 24 per cent of the Netherlands' total outstanding debt at the end of 1992, up from 16 per cent in 1987 and 23 per cent in 1990.

In the UK, which has attracted substantial inflows since the brightening of Britain's economic prospects earlier this year, dealers estimate that foreign investors have taken 20-10 per cent of government debt issues in recent months. The overall foreign-held component of outstanding UK government debt

is now around 17 per cent. The British monetary authorities, like their EC counterparts, know that foreign inflows may appear like a symbol of strength - but they can also be a source of vulnerability.

David Marsh in London, Andrew Hill in Brussels, Ronald van de Krol in Amsterdam,

ment in other countries' bond

Name trouble eases for former Yugoslav republic

Trade points way to Macedonian progress

By Kerin Hope. recently in Skopja

THE CLEAREST sign of improved relations between Macedonia and Greece was the appearance this summer of Greek brands of ice-cream at kiosks in Skopje, the Macedo-

nian capital. Until recently, no Greek exporter would risk being accused of unpatriotic behaviour by sending consumer goods to Macedonia. Dozens of joint ventures, set up by Greek companies when Macedonia was part of Yugoslavia, were frozen after It became independent in 1991.

The Greek government's objection to Macedonia's choice of name, on the grounds that it implies a territorial claim on the northern Greek province of Macedonia. resulted in an unofficial but damaging embargo on bilateral trade.

Greek insistence that the republic of Macedonia find a different name in order to win international recognition also soured relations with its EC

partners. However, the Greeks have become lass intransigent, agreeing last month to hold direct talks with Macedonia.

under UN auspices. Whatever the outcome of the Greek general election on Oct 10, policy on Macedonia is unlikely to change markedly. If erupted, Greece has granted

the opposition socialists come to power, they will, like the conservatives, refuse to budge on the name issue, while being willing to encourage better economic relations.

Macedonia has managed to shake off diplomatic and economic isolation by joining the United Nations under a temporary name, Former Yugoslav Republic of Macedonia (Fyrom), in April. It has since been recognised by more than 30 countries.

Banks abroad are now willing to extend credit to Macedonian companies. Foreign exchange reserves have tripled this year, to \$130m, while the new Macedonian currency, the denar, has stabilised against the dollar and the D-mark.

Discussions with the International Monetary Fund on a stand-by loan are to begin SOOTL

Even so, the talks in New York, to start once the Greek election is over, must make substantive progress if Macedonia is to start pulling its economy into shape, according to Mr Stevo Crvenkovski, foreign

"It's important to get agreement quickly on some practical things. The Greeks are our natural trading partners, so economic co-operation is important. So is movement of people," the minister said.

very few entry visas to Mac-

In the old days, thousands of Macedonians used to head for the Aegean Sea, two hours' drive away, on a hot day. Now they are restricted to swimming in chilly Lake Ochrid.

The absence of both Macedonian and Serbian visitors is blamed for a steep decline in tourism to northern Greece, where the hotellers' association recently appealed to the government for compensation.

However, Mr Crvenkovski is cautious about predicting a compromise on the name issue. Both sides rejected a proposal in June from Mr Cyrus Vance, the UN mediator, that Macedo-nia be recognised internationally as "Novamakedonija".

Both the Greek and Macedonian leaders will remain under pressure from their respective nationalist factions to make no concession over the name. But that would not affect the chances of reaching agreement on economic co-operation and confidence-building measures, according to officials in Skopje and Athens.

The Macedonians know that time is on their side. EC foreign ministers already talk about Macedonia, not Fyrom. If the Greeks persist in being dif-ficult, Macedonia may simply ask the UN general assembly Since the name dispute to be recognised under that

Defiance over the role of Frankfurt

By David Waller in Frankfust.

WITH two weeks to go before he steps down as president of the Bundesbank, Mr Helmon Schlesinger yesterday painted a positive picture of the state of the German economy and the impact of the controversal monetary policy pursued by the German central bank over

the past year. Mr Schlesinger. Who will chair his last meeting of the Bundesbank conncil next Thursday before he is succeeded by Mr Hans Tietmeyer at the beginning of next month, said he was sure that the low point of the German recession had been reached following the small 0.5 per cent growth in western German gross national product in the

second quarter. He predicted that pan-German gross domestic product for the year as whole would drop by 1.5 per cent, comprising a 2 per cent fall in the west offset by 6 to 7 per cent growth: in the eastern Lander.

This was in line with internal Bundesbank assumptions which were made last year when formulating monetary policy, he said.

Mr Schlesinger, a 69-year-old Bavarian, took over from Mr Karl Otto Pöhl as president in the summer of 1991 after nearly 40 years working at the German central bank. The last year of his term has been. highly controversial as Getmany's interest rate policy starting with the decision to raise rates last July - has prompted one crisis in Euro pean currency markets after another.

He was in defiant, je ne. regrette rien frame of mind yesterday, restating his view that the currency turbulence of last September was caused by governments treating the ERM as if it were a fixed-rate system, Ignoring the option to devalue. He said the recent widening of the bands in which ERM currencies were allowed to fluctuate was not the end of the ERM

He also reiterated the message which accompanied the Bundesbank's cut in interest rates last week: that pressures leading to price rises wera calming down and that the rate of growth in money supply, a key determinant of future inflation, was more subdued than in recent months when growth in broad money or M3 has exceeded the central

bank's target range.
"The position is not satisfactory but we are moving in the right direction," he said. "Monetary conditions have to a large extent come back to normal."

He said that long-term capital market interest rates were "appropriate for the recessionary environment", hinting that further cnts in short-term interest rates are not to be

manslaughter convictions for Fears grow that socialist victory will mean a reversal of policy Treuhand

to striking

individual border guards

sparked off charges that

authorities were punishing

only the "little fish". Mr

Honecker, whom the court

released in January because of

his terminal liver cancer, was

Prosecutors originally picked

out 13 deaths from among hundreds of border killings for

manslaughter charges against

the six original defendants.

This was later narrowed down

overthrown in 1989.

By Judy Dempsey in Berlin

THE Treuhand, the east German privatisation agency, is to offer jobs to hundreds of

The miners have been on strike since April in protest at the Treuhand's decision to close loss-making potash mines in the state of Thuringia.

senior Treuhand official, said the agency was close to reaching agreement with the governmove represents a climbdown precedent for industries earmarked for closure or substan-

The merger entailed closing down the Bischoferode mine. However, the Treuhand had agreed to preserve the 700 jobs for the two years. But miners from the region opposed the merger and insisted that Bischoferode be kept open. Mr Bayreuthner said 200 jobs

would be kept to maintain the

offers jobs Election delays Greek sell-off By Kerin Hope in Athens miners

striking miners.

Mr Werner Bayreuthner, a

ment of Thuringia in which 380 jobs would be created. The by the Treuhand and the state of Thuringia, and could set a

The miners have not yet responded to the proposal. The compromise follows a decision by the Treuhand to merge east Germany's Mitteldeutsche Kali and west Germany's Kali und Salz to reduce overcapacity in the potash industry.

closed mine, retraining schemes would be offered to 80, and 100 jobs would be guaranteed through companies investing in the region.

official said yesterday that it GREECE'S privatisation

programme has ground to a halt ahead of next month's election, amid fears that if the socialists come to power it will be immediately abandoned.

The programme, which was expected to raise more than Dr400bn (\$1.72bn) by next spring, had started to pick up

Despite fierce trade union resistence, legislation was passed during the summer permitting the partial privatisation of OTE, the state telecommunications monopoly, and the private operation of new

would be impossible to keep the privatisation procedure alive during the election campaign. "Potential bidders are not

interested because of the uncertainty," he said. Senior privatisation officials have already submitted their resignations.

The sale of a 35 per cent stake in OTE to an international telecoms operator, due to go through at the end of the year, is now in doubt. The socialist Pasok party,

which is ahead in the opinion polls, has made opposition to

the sale an important election issue. The socialists are also against private power generation for all but small-scale projects to develop solar and wind energy resources.

to huild a new airport for Athens, awarded last month to a German consortium led by Hochtief, also looks uncertain. At the very least, the start of construction will be delayed

by the government, which give the German partners a major-ity shareholding in a new com-

because the deal must be ratifiad by the incoming parliament. However, the terms agreed

The future of a \$1.5bn project

pany set up to build and manage the airport, would be subject to review if there was a change in government.

Socialist parliamentariaris have already called for an investigation. They claim that there is a lack of transparency in the deal.

Procedures for the sale of two state-owned oil refineries, which are high on the government'a list of priorities for disposal, have been frozen.

The bidding process for a series of casino licences, due to he awarded this year, is also on bold. Observer, Page 15

Poster campaign prompts Aids furore

Charities attack Benetton

By Our Foreign Staff and

BENETTON, the Italian clothing company, came under fire from Aids welfare organisations in Europe yesterday for the images used in its latest advartlsing campaign,

The French Association for the Fight against Aids said the photographs - which depict a human bottom, a mala arm and a lower abdomen each stamped "HIV positive" in hlue ink - evoked the Nazi practice of tattooing concentration

It said it had filed a civil complaint against Benetton in the French courts, demanding that it taka down the posters

camp inmates.

and that it pay unspecified known as much for its shockdamages. The British charity Acet

(Aids Care Education and Training) also demanded tha withdrawai of the adverts, which have appeared in douhle-page colour spreads in UK newspapers and on the French metro system. "Tha image of hranding

when it comes to HIV/Aids is one we have all worked hard to get away from to reduce the stigma of Aids," said Mr Manrice Adams, executive director of Acet.

"I hope these offensiva images will be withdrawn. If they consider this working for charity, then this kind of help we can do without," he added. The Italian company is

ing advertising as its colourful knitwear. The Terrence Higgins Trust

the leading British Aids char-ity, would not comment on the photographs hut welcomed the inclusion of the Aids national halpline numbar in the Benetton, which has used

photos of a newly-born baby, a man in a Christ-like pose moments before he died from Aids and a priest kissing a nun, defended the campaign. The adverts "were metaphors for the more extensive

branding practised throughout society towards those who are different," the company said in a statement from lts Italian

THE FINANCIAL TIMES
Poblished by The Fioancial Times
(Europe) GmbH, Nibelungenplate 3,
60318 Frankfurt am Main, Germany.
Telephone ++49 69 156 850, Fax ++49
69 5964481, Telex 416193, Represented
by Edward Hugo, Managing Director,
Frinter: DVM Druck-Vertrieb und
Marketing GmbH, Admiral-RosendahlStrasse 32, 61263 New-Isenburg (cosmed
by Härriyet International).
Responsible Editor: Richard Lambert,
c/o The Fioancial Times Limited,
Number Ooe Southwark Bridge,
London SEI 9HL, UK, Shareholders of
the Financial Times (Europe) Ltd,
London and F.T. (Germany
Advertising) Ltd, London, Shareholder
of the above mentioned two companies
is: The Financial Times Limited,
London SEI 9HL, London, Shareholder
of the above mentioned two companies
is: The Financial Times Limited,
London SEI 9HL. The Company is
incorporated under the laws of England
and Wales, Chairman: D.C.M. Bell.
FRANCE

FRANCE
Publishing Director: J. Rolley, 168 Rue
de Rivoli, F.75044 Paris Cedex 01.
Telephone (01) 4297-0621, Fax (01)
4297-0629. Printer: S.A. Nord Reini;
13721 Rue de Caire, F.59100 Roubent
Codea 1. Editor: Richard Lambert.
15SN: 1SSN 1148-2753. Commission
Paritaire No 67808D.

DENMARK Financial Times (Scandinavia) Ltd. Vimmelskafted 42A. DK-1161 CopenhagenK, Telephone 33 13 44 41. Fax 33 93 53 35.



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Bankruptcy law claims first victim

By Leyla Boulton in Moscow

RUSSIAN commercial history was made when Cellulose Plant No.2 in the Archangel region was declared not worth saving because there was "no demand for its output and it pollutes the environment".

This judgment by the local arbitration court made the state-owned plant the first to go hust under a pioneering bankruptcy law passed in

In debt to the tune of Rhs36m, assets valued at Rbs31m were ordered shared out among state-owned creditors ranging from the local power company, Archenergo, to a local bread supplier.

In southern Russia, a private food supplier called Don-Chance, which was owed Rbs2.46m for deliveries of snnflower oil, initiated hankruptcy proceedings against a private company called Diaton in the town of Volodga, whose shareholders included the local football team. Diaton, with total debts of Rbs50m, was also put into

liquidation. More than a dozen cases processed so far from Archangel in the far north to Sakhalin Island in the far east, show that the law, which is gradually being applied despite a host of obstacles to it. The court records were made available to the Financial

Times yesterday. The higgest impediment to its widespread use is a dearth of qualified judges, managers and auditors to handle bankruptcy proceedings seven decades after capitalism was stamped out by the Bolshevik

In communist times, when money was cheap and everything was state-owned, debts did not matter. Even after market reforms were launched in January last year, many companies continued to supply each other with goods without demanding payment.

Partly as a result of tighter financial discipline heing imposed by the government, that practice is now beginning to change, with many of the plaintiffs featuring power companies.

But when Irkusktenergo in Siheria initiated hankruptcy proceedings against the Bratsk timber company for not paying its hills, the judge fined the plaintiff after an auditors check found the timber company had plenty of money to pay its debts. The judge said the power company should have gone to court to recover debts instead of initiating vital to market reforms, is bankruptcy proceedings.

spells out successes to voters

By Anthony Robinson in Warsaw



elections

outgoing government passing oo to its as vat

POLAND'S

unknown successor a better managed, more prosperous and country than it inherited only

14 months ago, Ms Hanna Suchocka, the acting prime minister, declared yesterday. But, in her valedictory mes-sage three days before Sun-day's general elections, she warned that any deviation from strict controls on government spending or slowing down of privatisation would

jeopardise post-communist Poland's gains. It would lead to higher inflation, slower growth and affect Poland's prospects for full entry into the EC and Nato, she added. Speaking the day before the

last Russian soldier was due to leave Polish soil, Ms Suchocka reminded Poles that four years ago the country was still occu-pled by thousands of Soviet troops and on the edge of hyper-inflation.
Since then the framework of a market economy had been

the achievements, the creation of an internally convertible currency. With polls showing strong gains for left-wing parties catering to those who have gained least from a market

democracy, Ms Suchocka sin-

gled out high unemployment

put in place. She cited, among

tory were not met.
One western diplomat in

Demise of worthless polluter sees break with communist economics | Suchocka | Bosnia peace hopes raised

By Frances Williams in Geneva and Gilliam Tett in London

HOPES that Bosnian peace talks could be reconvened soon were bolstered yesterday when the international mediators, Lord Owen and Mr Thorvald Stoltenberg, announced they had called the three war-ring parties to Sarajevo next Tuesday "to consider signing" an overall peace settlement.

The move follows a surprise accord with the Bosnian Serbs signed yesterday by Bosnian President Alija Izetbegovic, which appears to mark a further step towards the break-up of the union of three ethnic mini-states proposed under the

peace agreement.
The accord, which was signed for the Bosnian Serbs by Mr Momcilo Krajisnik, chairman of the Bosnian Serb assembly, provides for the three mini-states to hold a referendum within two years of the nnion'a establishment to decide whether to remain part of Bospia.

The Bosnian Serb and Bosnian Croat sides have made clear from the start of the 18month civil war their wish to link with their "parent" states, and it is expected that they would attempt to secede

But, as a sign of the confu-sion that dogs the process, the principles of the broader peace package drawn up during negotiations in Geneva in Angust, which stipulate that the other two republics must agree if a republic wants to secede, still apparently stand. Mr Izetbegovic finally refused to sign this agreement because his demands for extra terri-

Geneva yesterday snggested that Mr Izethegovic may have agreed to the referendum proposal in the hope of softening



Bosnian negotiators, President Alija Izetbegovic (left) and Mohamad Filipovic, in Geneva yesterday

ritorial concessions. Mr John Mills, the mediators' spokesman, said yesterday's deal signalled the "additional flexibility" the mediators had songht before reconvening the peace talks, which broke up a fortnight ago.

However, President Izetbegovic, returning to Sarajevo from Geoeva, said there had beeo no change in Moslem demands for a bigger share of the country when it was parti-

Conference sources warned that a peace deal was not yet assured. It remains unclear whether the Serbs or Croats have made any concessions to these demands, which include extra land around the north-west Moslem Bihac

region and eastern enclaves.

and access to the sea It is also clear that the eventual deal will be a legal minefield, with this week's agreements superimposed on the

Angust package of constitu-tional principles, transitional arrangements and a still disputed map. Other points in yesterday's agreement between the Bosnian government and Bosnian Serbs include:

■ A proviso that in the event of a break-np of the union, which could not take effect before the republics' boundaries were agreed, the Moslem republic would inherit Bosnia's UN seat and take possession of assets vested in the

MA promise that both the

republic could have access to

A call for an end to hostilities between the Bosnian Serb and Moslems throughout Bosnia by Saturday noon, the release of detainees and unhindered access for relief convoys. On Tuesday, Mr Izetbegovic

signed a similar ceasefire accord with Croatian President Franjo Tudjman, which also sets out procedures for settling boundary issues.

But in spite of the agreement, fighting between Moslem and Croat forces cootinued to rage in Central Bosula yesterday. The situation has been inflamed by new Croat and Moslem offensives and reports that Moslems had massacred 30 Croat civilians on Romania hopeful on ties with Hungary

By Virginia Marsh in Bucharest

THE Romanian foraign minister, Mr Teodor Melescanu, yesterday said he believed differences with Hun-gary over a hilateral treaty could now be solved and that "real progress" had been made in talks with Mr Geza Jeszenszky, his Hungarian counter-

Earlier Mr Jeszenszky, the first senior member of the Hungarian government to make an official visit to Romania since 1990, said that, while he was hopeful relations would improve, many bilateral problems remained. He said treatment of the Hungarian minority in Romania was the most sensitive point.

Romania is home to 1.7m ethnic Hungarians, the majority of whom live in the western province of Transylvania, which was ruled by Hungary ımtil 1918.

Mr Jeszenszky said the two countries should put their differences behind them. He said Romania's ethnic Hungarians had enriched the country and that their aspirations were in oo way dangerons to the national majority.

Romanian nationalist parties, who hold 13 per cent of seats in parliament, have repeatedly accused the Hungarian minority of seeking the return of Transylvania to Hun-

gary. Mr Jeszenszky said it was difficult to understand why there was opposition to the reopening of a Hungarian consulate in the Transylvanian

Weak Ukraine plays into Russia's hands

Economic union means giving Moscow control of many of the levers of power, writes John Lloyd

. free fall which offers hittle support for its 52m people, Ukraine still seeks, after two years of national independence, to discover a settled

national identity. n The country's politically active population still tries to digest the shock of a decision made a week ago at a Russian-Ukrainian presidential meeting in the Crimean resort of Massandra - to transfer the Black Sea Fleet from joint to wholly Russian control, to lease the main naval port of Sevastopol, and to return the 176 strategic nuclear missiles to Russia

The deal - which President Boris Yeltsin of Russia has presented as a fact and President Leonid Kravchuk of Ukraine has insisted is merely proposed - would require, on Russia's part at least, the cancellation of Ukraine's \$2.5bn (£1.62bn) deht for oil and gas, and the delivery of fuel for Ukraine's nuclear power sta-tions. There would be also an agreed procedure on the future use and control of the missiles.

There were scattered demonstrations: Mr Vyacheslav Chornovil, head of the Rukh nationalist party, used the language of "betrayal". Yet, ridding itself of an expensive and obsolescent fleet and base, and missiles which Ukraine probably cannot fire and for which it has no doctrine determining at whom they should be fired, is probably not a gut issue for most thoughtful citizens.

Larger matters, however, loom. Next Tuesday, the Ukrainian parliament debates the Massandra accord and a future economic union within the Commonwealth of Independent States. Next Friday, Mr Kravchuk and his colleagues travel to Moscow to discuss just such a union, which Mr Viktor Chernomyrdin, the Russian prime minister, yesterday said would mean a centralisation of all monetary emission in the Russian central bank for all members. Certainly, if it were to function at all, a union would mean a subordination of many of the levers of economic policy to a central, inevitably Russian-dominated, control.

On the experience of Massandra, Ukraine will be in poor shape to strike a good deal. On his own admission. Mr Kravchuk was steamrollered into agreeing whatever he did agrea. Mr Boghdan Kravchenko, head of a leading economic and training institute, said: "The leadership has lost faith in its ability to properly

manage the country." No wonder. Official analysis of the economy for the first half of this year describes a position which may be one of

UMBLING about in an pre-collapse. Inflation hovers must be restored if collapse is around 50 per cent a month; to be averted. Certainly, he production of most goods, including food, continues to fall hy 10-20 per cent; gross domestic product fell by 7 per cent over the first half of 1992. A hudget which had a relatively modest deficit early this year has plunged in the last few months to one with a deficit of 10-12 per cent of GDP. In reality, the official forecast of a 123 per cent deficit hy the year-end may be doubled. Privatisation, expected to bring in 650bn karhovantsi hrought only 1.5bn - at today's exchange rate, less than

The helpless contemplation of this decline has brought to the front rank of political life

'The political elite is not going to surrender our statehood. People are sacrificing a great deal in the present conditions but there is still a willingness to stick it out for independence'

the representatives of the "pro-union" approach in Ukraine a group whosa present strength accounts for the "swing to the east" which Mr Kraychuk has evidently been taking. Its most prominsnt advocate in the cabinet is Mr Valentin Landik, a 47-year-old company boss from the eastern coal and steel city of Donetsk. now deputy prime minister in charge - significantly - of rela-tions with the CIS countries.

"I want there to be integration between the CIS states. I want an economic union to be concluded. Why? Because the situation is getting worse. We can't sell our goods in the west because of bad quality - and thus we should trade our goods and co-operate with the east so we can go forward together," Mr Landik said in an inter-

But his conception of union is vague, reflecting both the lack of serious preparation given to the issue and to the riven politics of the state. As he admits, the parliament will debate the issue next Tuesday "and God knows what they will decide". He believes that without an economic union the sovereignty of Ukraine cannot be safeguarded", reflecting the fears of industrialists that the fraying links with Russia

sees a customs union as essential. He wants prices somehow to be brought into line and he hints that the Ukrainian hargaining position might be to try to secure an oil price of \$50 a tonne, as against the agreement now in force which prices Russian oil at \$90 a tonne, with full world prices next year. World prices for oil is death for us," he says. There are two signs of hope.

The two prominent reformers who served in, then left government, Mr Viktor Pynzenyk and Mr Volodomyr Lanovoi, have either created or are creating economic institutes to further their pro-market ideas.

Privatisation, though meagre in its results, is still on the official agenda and large companies - including Mr Landik's former company, Nord - are transforming themselves into share companies.

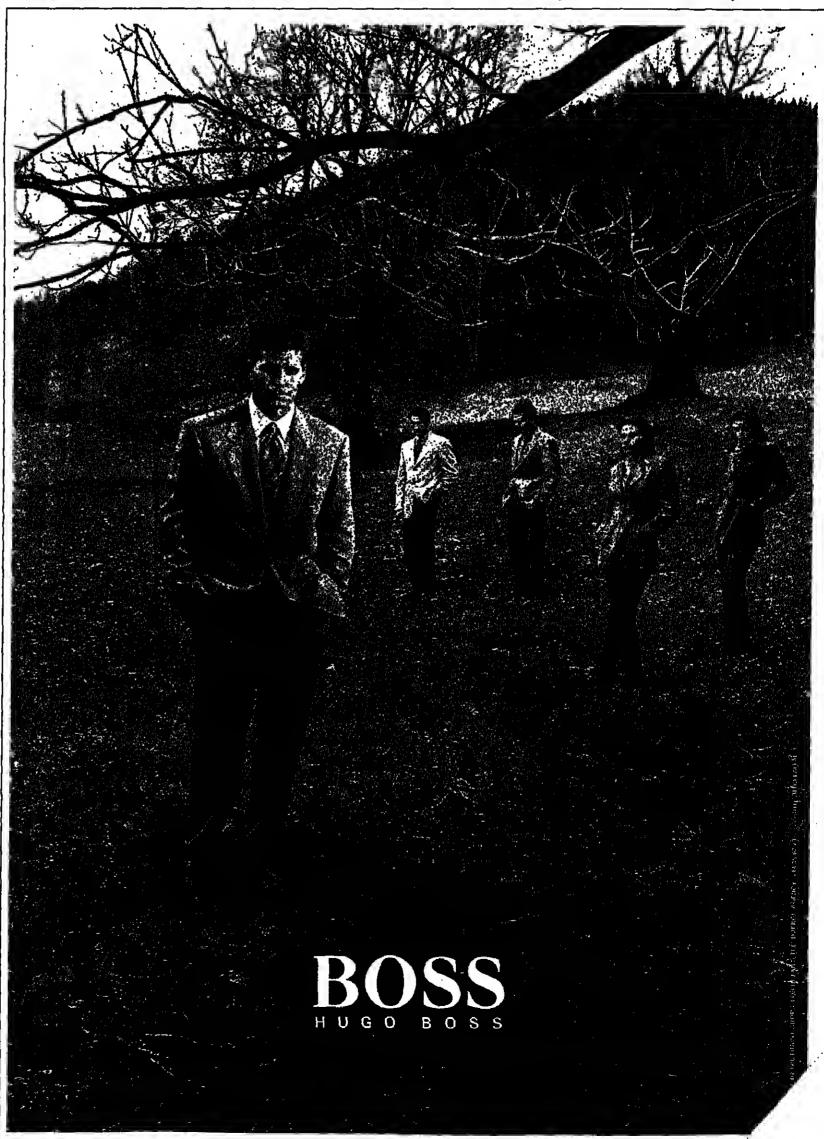
In agriculture, always regarded as Ukraine's wealth, only a few thousand private farms have appeared. Mr Nigel Spooner, an adviser to the agriculture minister, says the government is now working on plans to introduce competition in the distributive part of the food chain, starting with vegetable depots and the shops

As for the state and collec-tive farms, Mr Spooner believes they should ultimately be privatised as large units, rather than be broken up.
As in Russia, tha political

stasis freezes everything. Everyone says elections must come next spring at the latest: and while the socialist group-ing, representing the industrial interests of eastern Ukraine, may oo present showing secure the largest bloc of seats, groupings like New Ukraine and others are oow seeking and getting the backing of the new commercial interests to pursue market-oriented policies. A recent poll suggested more than 50 per cent of the population still wanted to take the capitalist road

The bottom line is statehood. "The political elite is not going to surrander that," says Mr Kravchenko. "People are sacrificing a great deal in the present conditions, but there is still a willingness to stick it out to preserve independence."

That such an eventuality should even be mooted shows the depth of the Ukrainian crisis. But the best guess must still be that the Russian leadership's renewed will to dominate is not so strong as to force the issue, nor the Ukrainian leadership's loss of confidence so precipitous as to put statehood on any conceivable bar-



Clinton takes popular road on health

PRESIDENT Bill Clinton yesterday invited 21 of the 700,000 people who have writ-ten to the White House about US health care to come to Washington for a citizens'

Thus Mr Clinton bas set about putting his campaigning skills at the service of govern-ing, ahead of what is likely to be the most complex challenge of bis presidency, reform of the US health care system.

Returning to a skill he perfected during bis election campaign last year, the president yesterday used personal stories to humanise some of the main themes of the reform plan he will present in dctail next

The tales - of struggling to pay for a relative's care, of being unable to change job for fear of losing health insurance.

of being charged \$2,407 for a pair of crutches - were all fuel to his fire.

Opinion polls suggest the Clinton administration bas been successful in convincing people that the system needs reform. in a Wall Street Journal/NBC poll, ont yesterday, 78 per cent said that US health care was a big problem.

Less successful, bowever,

has been the effort to persuade people that they would benefit by Mr Clinton's proposed reforms. Most people are still fairly bappy with their own health care and insurance coverage, and only 20 per cent in the poll thought they would be helped by Mr Clinton's plan. Even so. 55 per cent thought the country as a whole would

The White House's central message yesterday was the need to tackle insurance companies' reluctance to cover peo-



Bill Clinton wants a better America: Were you charged \$2,407 for a pair of crutches? Tell the president

ness or who have sick children or parents. Coverage is refused on the grounds of a pre-existing condition. Mr Clinton said the pre-existing condition was now "part of the everyday vocabulary of most working men and women in this country. . . if you have it, you either can't get health insur-

ance or you can never leave But Mr Clinton also tackled bead-on the issue likely to become one of the most controversial in his plan: the requirement that all businesses provide health insurance to their employees, paying at least 80 per cent of the costs. This mandate is the principal difference between the Clinton reform plan and proposals outlined by the Republicans this week.

Mr Clinton said that employ-ers who did not provide health insurance to their workers were getting a "free ride" by using a health care system

The president added: "I don't want to pretend that this is all going to be easy, but it seems to me that it is a fair thing to say everyone in America should make some contribution to his or her own health insurance, and all employers should make some contribu-

Ford agrees labour pact with union

By Martin Dickson in New York

FORD Motor and the United Auto Workers union yesterday announced tentative agreement on a three-year labour contract in the US. paving the way for what may be tense contract negotiations between the union and troubled General Motors. The UAW chose Ford as its

first target in its contract negotiations with each of the big three Detroit motor manufacturers this autumn.

It will now try to impose the contract pattern reached with the target on the other two car manufacturers, Chrysler and GM. However, GM is strug-gling to stem losses in its US operations and has made clear it will be seeking substantial abour cost cuts

The Ford agreement was reached after negotiations that ran almost 24 hours after the expiry on Tuesday night of the

old three-year contract. Company and union officials will not provide details until the pact is unveiled next Monday to local union leaders. However, it is believed to provide that workers hired in future will receive lower starting wages for a longer

time, before reaching parity with veteran employees. In many other respects the contract is similar to its precedessor, including its approach to the issues of bealth benefits, job security and restrictions on sub-contracting work to out-

sider suppliers. Mr Jack Hall, Ford's chief negotiator, said some element of the agreement would help the company with health care Wall Street, be added, would regard the pact as fine. Mr Owen Bieber, president of the UAW, added that job security provisions had been improved. Negotiations with GM are unlikely to reach a delicate

Big debt means strong medicine for voters

Bernard Simon finds a sombre mood among politicians in Canada's election campaign

rate is stuck above 11 per cent so it is hardly surprising that job-creation is every politician's favourite issue in the campaign for the October 25 general election. What is surprising is that, in a

country accustomed to a much government molly-coddling, politicians on all sides are tempering their promises of new jobs with a dose of fiscul restraint.

The first ten days of the campaign have shown that, for all their concern at high unemployment. Canadians are aware of the constraints imposed by the towering debt amassed by the federal government and the ten provinces over the past

So, politicians are not only arguing about the type of Jobs which should be created for the 1990s, but

ANADA'S unemployment also questioning the role of government in creating them. Spreading the sombre message that Canadians should expect less, rather than more. from their governments would have been a sure way to lose votes in years gone by. But, this time, it seems to be doing the opposite.

Both the ruling Progressive Conservatives and the opposition Liberals bave set specific targets for cut-ting the C\$35.5bn (£18bn) federal hudget deficit. They have promised to overhaul the country's generous but mucb-criticised social security and health care systems.

Ms Kim Campbell, the new prime

minister, has vowed to eliminate the budget deficit without tax increases hy 1998. She has yet to spell out however, how the pain would be

Ms Campbell opened her campaign

by cautioning that it might be several years before there was an appreciable dent in the jobless rate, in Toronto last week, she bluntly told unemployed construction workers that a Conservative government would not subsidise a new convention centre for the city. She said the jobs created by such make-work projects would last no more than a year or two, and do nothing for long-term

competitiveness. Despite ber sombre message, Ms Campbell has dramatically revived

ber party's electoral fortunes. The Tories had the support of only about one voter in five when Ms Campbell took over, as premier and party leader, from her unpopular predecessor, Mr Brian Mulroney, three months ago. However, according to an opinion poll in the Globe and Mail newspaper yesterday, the

Tories have edged shead of the opposition Liberals, with the support of growth.

36 per cent of decided voters, the Liberals having 33 per cent.

Next most popular, with 11 per cent, is the populist Reform Party, which has been waging an even more aggressive crusade against hig government from its base in western

By contrast, the interventionist New Democratic Party faces the prospect of losing more than half its 43 seats in the House of Commons, According to the poll out yesterday, the NDP has only 8 per cent of the national vote, two percentage points less than the separat-

ist Bloc Quebecois in Quebec. in their policy platform, released this week, the Liberals were careful to avoid extravagant claims of Ott-

The Liberal plan, which was described by party leader Mr Jean Chrétien as "realistic, compassionate and fiscally responsible", pledges a net reduction in government programmes of C\$1.8bn over the next five years. Provided the economy accelerates, the Liberals aim to reduce the budget deficit from 5.2 per cent of gross domestic product to 3 per cent. They promise to create 50,000 new child-care places a year but only if the economy has grown by at least 3 per cent in the previous

The Liberals aim to scrap the unpopular 7 per cent goods and services tax (GST) imposed by the Tories in 1991, butthey acknowledge that it would be necessary to find the equivalent revenues elsewhere.

It's a fair bet that at least some of the promises of fiscal restraint will be forgotten once the election is over. The Tories have a miserabla record over the past nine years of sticking to their budget projections, and economists doubt their ability bring the deficit down to zero by

Also, no one would be surprised if the Liberals were to keep the GST, and fail to meet their own deficitcutting targets.

Even so, the emphasis on jobs and deficits means that, whichever party wins the election, Canadians and their governments are likely to be pre-occupied with domestic issues over the next few years. Many Canadians yearn for a higger role on the international stage but the new government will have its hands full on the home front.

Agriculture reforms for Cuba

stage for several weeks.

THE Cuban government has announced farm reforms to reduce state control over agriculture, AP reports from Mexico City.

In the Communist Party daily Granma, the government said it would set up co-operatives on state land and allowing farmers to share in their

The move is the latest in a series of retreats from hardline socialist policy in Cuba, whose economy has shrunk by haif since 1989, due to the loss of its socialist backers.

The country's Catholic bishops, meanwhile, challenged the government to introduce political as well as economic reforms in the bluntest church criticism in decades of President Fidel Castro's regime.

NEWS: WORLD TRADE

EC misses out Battle for hearts and minds over Nafta on Asian boom in investment

By Frances Williams

EUROPEAN companies are missing opportunities in the global investment boom in high-growth developing countries, according to a new report by the European Round Table, a club of 40 top industrialists.

The report shows that the share of EC companies in foreign direct investment in developing Asia, where the market is growing by 6.5 per cent annually, slipped from about 15 per cent in the mid-1980s to 12 per cent by the end of the decade.

In Latin America, which is expanding by 4 per cent a year, the EC share dropped from 24 to 20 per cent over the same period. in Africa, with a market a sixth the size of Asia's and growing at half the pace. the European share has jumped from 17 to 40 per cent. Japan is now the biggest foreign investor in developing countries, with a third of total overseas investment of nearly

\$40bn (£25.90bn) last year. By implanting their industry in fast-growing economies, the Japanese are building a strategic competitive position.

The European Round Table which includes the chief executives of such companies as Nestlé, Unilever and Daimler-Benz – argues that foreign direct investment foreign direct investment brings benefits to both sides. FDI accounts for just 3 per cent of total investment in developing countries but it bas, the report claims, bigger effects on output, policy conflicts between bome and bost governments. European Industry: A partner of the developing world; from European Round Table, rue Guinard 15, 1040 Brussels; telephone: 32 2 511 5800; fax: 32 2



jobs and productivity.

Developing countries are increasingly competing for foreign direct investment by dere-gulating and liberalising their economies, the report says, though it urges further moves in this direction.

The round table adds its voice to calls for a Gatt for investment, a global agreement that would provide for transparency (clear rules and procedures), for rights of establishment by foreign com-panies and for parity of treatment with domestic companies (national treatment, in Gatt parlance).

Industrialists also favour rules binding on international corporations - for example, in policy conflicts between bome

Nancy Dunne reports on guerrilla tactics versus White House pomp and press machine GUERRILLA tactics by Greenpeace were swamped by the White House pomp in which Mr Clinton and three past US presidents this week endorsed the North American Free Trade Agreement. But the environmental activists, who momentarily disrupted a House bearing to unfurl a 15 foot anti-Nafta banner, saw their stunt repeated again and again on evening

news shows. With dozens of similar exploits and clever strategic planning, grassroots organisa-tions have succeed in fanning anti-Nafta sentiment into widespread public hostility against tha pact with Canade and Mexico. A new Wall Street Journal poll, found opposition, at 36 per cent, had reached its highest level yet with only 25 per cent of those polled in favour of Nafta.

The continued economic sluggishness and the drumbeat of corporate layoff announce-ments bave hurt the pact's chances and presented the administration with a formidathe Americans polled disagreed with the administration's argument that more jobs will be created than lost and 54 per cent said that wages would be forced downward so that US companies and workers could compete with Mexico.





KEY AMERICANS ON NAFTA: Al Gore (for it), Richard Gephardt (against it), Jimmy Carter (bashing Perot) senators have been morosely

admitting the opposition's success in framing the debate against Nafta as a pact which would cost jobs. Bnt they took heart from

Tuesday's presidential show: President Clinton's passionate insistence that the realities of the global marketplace be faced; President Carter's attack on Mr Ross Perot, the populist billionaire, as a demagogue with "unlimited financial resources,"; President Bush's ompete with Mexico. praise of Mexican President cies have been mobilised for Pro-Nafta congressmen and Carlos Salinas; President the battle, given pro-Nafta lit-

Ford's warning that the country would be overrun by impoverished immigrants from the South if they are given no work at home.

"It was a revival," said Texas
Congressman J.J. Pickle. "I
think Nafta was born again."
To keep the pro-Nafta case
before the public, President
Clinton Wednesday took off for New Orleans and top officials in his administration fanned out on speaking tours across the country. Government agenerature and instructed to boost the pact in seminars and pub-lic forums.

Congressional committees have begun to examine the details in preparation for writing its implementing legislation, now expected on the Hill in November. It is believed this process may satisfy some of the Congressional doubters, who are demanding a "leve playing field" and a speedup of Mexican tariff reductions.

Pro and anti-Nafta forces are keeping the fax lines burning. A Greenpeace release warned

that two decades of work on environmental protection would be undermined if the pact is approved.

In response to similar charges by hundreds of grassroots environmental, citizen and labour groups, Vice president Al Gore, Senator Max Baucus and other lawmakers with green credentials, accompanied by six leaders of the largest national environmental groups who belped nagotiate the environmental side pact, held a briefing to praise Nafta's environmental

Seemingly unfazed by the Administration's Nafta's new show of life, the Citizens Trade Campaign, one of the umbrella opposition groups, called a press conference to "debunk" the Clinton Administration claim Nafta would create 200,000 jobs in the next five

Unmindful of a television camera, its leaders plotted new strategies: anti-Nafta resolution in 25 state legislatures, a letter writing campaign and

Notable by his absence from the fray has been Mr Richard Gephardt, the House Majority Leader, who is said to be close to moving from tentative to committed opposition. He will join forces with Congressman David Bonior, the majority whip, and three of Mr Bonior's lieutenants, leaving the House Speaker. Tom Foley, nearly alone on the defence, among

"I do not think we have articulated well - the supporters of Nafta - the very positive and energetic reasons that can be offered for supporting this," Mr Folay acknowledged. Without Nafta, the US relationship with Mexico could "deteriorate," and "much of what people are worried about will happen, perbaps more speedily without Nafta than with it."

Treuhand looks east with expertise Italian exports to

By Judy Dempsey in Berlin

THE TREUHAND, the agency charged with privatising and rastructuring east German industry, will be giving itself a new lease of life when it winds up its main operations in Berlin next year. The Treuhand is expanding

eastwards, in the former Soviet Union and the Baltic states. We want to pass on our knowhow and experience of privatisation to these countries," said Mr Klaus Mülier, director of Treuhand Osteuropa Beratungsgesellschaft (TOB), a consultancy arm of the Treuhand. TOB seems determined to compete, or co-operate, with other bodies - including the European Bank for Reconstruc-

tion and Development, and the European investment Bank active in eastern Europe and the former Soviet Union. However, it may seem sur-prising that the Treuhand would be welcomed in these countries. Its sbock privatisa-tion programme in eastern

Germany has been almed at a

radical restructuring of large anterprises resulting in massive unemployment. "The unemployment factor is not an issue. Officials from eastern Europe and the Baltic states approached us in the first place," said Mr Müller. "They reckoned with our experience of quickly breaking down the giant Kombinate [east Germany's large enter-prises], as well as preparing

these plants for privatisation; they could learn from us." With a small bndget of DM30m (£12.1m) from the federal finance ministry, to which it is answerable, TOB has set up in Berlin a small unit of 40 specialists, and has already placed 70 consultants throughout eastern Europe, the former Soviet Union and the Baltic states. It is the principal advisor on privatisation to tha

But, in a region inundated with advisors and consultants on privatisation since the colthree years ago, is there room

Estonian government.

lapse of the Berlin Wall nearly An Estonian diplomat has a clear view: "Look, whatever the mess the eastern German

economy is in at the moment, we know that Germany will make it with unification because they will try and develope a mittelstand [small and medium-sized companies]. We want TOB to teach us how to do that." Berliner Kraft und Licht, Berlin's main utility company, is set to gain a foothold in Rus-sia's electricity industry after an agreement to advise the

Rnssian Federation on restructuring its energy sector. Over the next five years, Bewag, as the company is known, will advise Mosenergo, the oldest and largest of Rus-·sia's utilities, on upgrading and modernising its 22 powergeneration plants which have a total capacity of 14,000MW.

China set to double

By Robert Graham in Rome

ITALIAN exports to China this year are expected to nearly double and top L4,000bn (£1.7hn), according to Mr Paolo Baratta, Italian trade minister. Sevan contracts totalling \$470m (£303m) were signed yesterday with Italian companies. The contracts were signed in

the presence of Ms Wu Yi, Chinesa foraign trade minister, at the end of a visit to Italy.

The contracts ranged from Snamprogetti building a fertiliser plant at Donfang in Haiwan province to Danieli constructing a specialised steel

plant for Laiwn Iron and Steel in Shandong province, financed by the Asian Develop-

In the first seven months of this year, Italian exports to China reached L1,238bn, compared to L1,842bn for the whole of 1992. Italy is now the second largest European exporter to China after Germany.

Mr Baratta said Italy's share of Chinese exports was set to rise this year from 2.1 per cent to nearly 3 per cent. Much of the Italian export drive is concentrated in the machine. tools and engineering goods. sector, especially textiles machinery

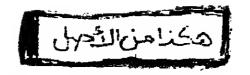
Russians seek EC link RUSSIA'S national macbine tool association is seeking to

strengthen lts ties with the west by Johning Cecimo, the Brussels-based umbrella body for the twelve main producing countries of western Europe,

reports Andrew Baxter. If Russia's application is accepted, it would be the first former communist country to join Cecimo and would belp association.

tories develop co-operation agreements and joint ventures with western Europe.

The campaign to join is being led by Mr Nikolai Panichev, a former Soviet minister for machine tools, who was recently chosen by the Russian producers to be president of their privately owned national



grees pact nion

Agriculture reforms for Cuba

afta

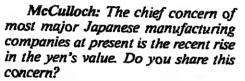
orts to to double

LOCALISING THE MULTINATIONAL

'Globalisation' Holds the Key

The sudden jump in the yen's exchange value has caused problems for most major Japanese manufacturers. For diversified heavy equipment and electronics maker Hitachi, Ltd. however, these difficulties are providing the momentum for expanding its global manufacturing and marketing base. Hitachi president Tsutomu Kanai explains.

By Russell McCulloch



Kanai: I have to agree that the yen's recent appreciation against the US dollar and other major currencies is having a strong impact on Hitachi's business. Of course, we can take a long-term view and say that a strong currency is a reflection of the fundamental strength of the Japanese economy and. Japanese husiness and, as such, should be welcomed.

But on the other hand, manufacturers such as Hitachi have no effective way to cope with short-term increases in currency values. The yen has risen about 20 per cent in value against the dollar during the past six months. Rises of this speed and magnitude can turn a profitable export business into an unprofitable one in a short period and make it nearly impossible to formulate long-term investment plans either at home or overseas.

McCulloch: How is Hitachi adjusting to this situation?

Kanai: Obviously, a strong yen means that we earn less in our currency for products exported from Japan that are sold in dollars or other currencies. We can offset this by raising the price of those products where we enjoy a leading market position. For example, in the manufacture of 16-megabit DRAMs, in Thin Film Transistor (TFT) liquid crystal displays, and in large size high-resolution display screens, Hitachi has a strong market presence and price increases can compensate.

But raising prices is not the preferred option. This causes difficulties for our foreign customers and, in any case, can only be applied to a comparatively narrow spread of our products and services. Instead, we are attempting to make the strong currency work to our advantage by sourcing more components outside of Japan and by raising the portion of overseas production in our total sales.

McCulloch: Can you give some

examples?

Kanai: In our efforts to source more components and raw materials outside of Japan, Hitachi recently established an "Asia Procurement Promotion Centre" whose task is to locate suppliers of parts in countries such as Singapore and Hong Kong that can provide our manufacturing operations—both inside and outside of Japan—with components.

'Procurement Promotion Centre' Established

However, international procurement does not simply mean shopping: quite often the component manufacturers must be shown how to redesign their parts to meet our specific needs and how to improve quality to meet Hitachi's high standards. It is the task of this Centre to also provide technical support to those suppliers to help them meet our requirements.

With regard to raising the overseas portion of our business, we have been working towards this goal for many years. Don't forget that the latest increase in the yen's value followed an earlier and much more drastic appreciation between 1985 and 1988 and in many respects the strategy we adopted to cope with that situation is just as appropriate today.

During that period when the yen rose in value from around 200 yen= US\$1 to around 120 yen=US\$1, Hitachi's overseas production doubled in five years, to a value of 600,000 million yen and has come to account for 8 per cent of total sales,

The gradual shift to overseas production has also made us less export-oriented. At the peak in 1984, exports accounted for some 37 per cent of Hitachi's non-consolidated sales but now this portion has fallen to around 21 per cent. On the other hand, as I said earlier, overseas production now accounts for 8 per cent of total consolidated sales. In other words, about one-third of our overseas business is overseas production. This represents a major shift in focus over the last decade.

McCulloch: Have you set targets for the ratio of domestic-to-foreign production in overseas sales?

Kanai: Our hope is that within the portion of overseas business, off-shore production and exports from Japan will be roughly equal. It is clear, in the area of audio-visual equipment and appliances for example, that continuing to manufacture in Japan is not competitive, and over recent years we have shifted production of some of these consumer items to our plants in Singapore and Malaysia. We have also established companies in Indonesia to make consumer appliances and in China to manufacture compressors for air-conditioners.

New Compressor Venture Launched

Last August, we announced a plan to establish a new company in Thailand, called Hitachi Compressor (Thailand) Ltd., and build a new plant near Ayutthaya north of Bangkok to manufacture compressors for refrigerators. We expect that the new plant will be commissioned by April 1995. At present, these compressors are only manufactured at our plant in Tochigi Prefecture north of Tokyo.

But you must remember that raising the level of off-shore production has two sides. We must also consider the position of our employees and plants in Japan. It is important that we restructure our domestic operations—for example, to shift production to more higher value added and technically sophisticated products—in tandem with raising off-shore output. Restructuring in this manner cannot be achieved quickly, but we are determined to realise our goal as soon as possible.

McCulloch: What you are saying is that Hitachi must become a more

globally-oriented company if it is to continue to expand.

Kanai: Precisely. These overseas subsidiaries are not merely production bases hut are enterprises operating with a high degree of independence. In other words, we encourage them to become involved not only in manufacturing but in design, sales and research and development. For example in the US, a portion of the ICs marketed by Hitachi America, Ltd. are produced locally by Hitachi Semiconductor (America) Inc. And, in the future, a number of these ICs will be designed locally by Hitachi Micro Systems Inc.

Hitachi is also actively entering partnerships with foreign manufacturers to strengthen international ties in production and sales. For example, earlier this year we reached an "original equipment manufacturer" (OEM) agreement with IBM to market three types of personal computers in Japan.

OEM Agreements Reached

On the other hand, we are also supplying mainframe computers to Germany's Compalex and Italy's Olivetti on an OEM basis and have licensed our 1-megabit and 4-megabit DRAM technology to Goldstar Electron of Korea.

If our plans to internationalise Hitachi's operations through global partnerships work out, the number of different markets in which we are seen to do husiness as insiders will grow larger and larger. This will make us truly a

global corporation and this is what I am looking forward to.

McCulloch: Does R&D have a place in Hitachi's "globalisation" programme or will this continue to be concentrated in Japan?

Kanai: I believe that foreign input in our R&D programmes is not only desirable hut crucial. As you know, since 1989 Hitachi has established seven overseas R&D bases including Dublin, Düsseldorf and Milan and these are helping to greatly further our level of basic research. These have been responsible for some remarkable technological breakthroughs such as the development of a single-electron memory device which we developed jointly with Cambridge University.

But while we cannot expect the commercial application of these devices to be possible before the end of the decade, some results of our international collaborative R&D efforts are already being seen.

International Input in Basic R&D Crucial

For example, since 1991 we have been working with Hewlett-Packard (U.K.) to develop an artificial intelligence software program—called Object IQ—for use in computer workstations. This program, which makes it possible to apply the powers of human intelligence via computer, was first incorporated in Hitachi's 3050 series workstations in 1991 and in May last year in the HP RISC 9000 series. In

March this year, we received an order for about 5,000 of these software packages from Belgium's Kredietbank, which will use the software to develop a fund investment system.

McCulloch: "Globalisation" today also involves consideration of the global environment. What are Hitachi's policies regarding environmental protection and resource conservation?

Kanai: Among Japanese manufacturing corporations I believe that Hitachi is one of the most active in the area of environmental protection. Back in 1991 we established the Global Resource, Environment & Energy System Centre—the GREEN Centre—to conduct research into environmental preservation technologies. In December 1991 the US Environmental Protection Agency awarded Hitachi with the EPA Stratospheric Ozone Protection Award for our contribution to protecting the ozone layer.

Our environmental protection policy is two-pronged. One is to ensure that our manufacturing processes do not harm the environment. The other is to ensure that our products themselves do not damage the environment, and in both categories Hitachi is working hard to achieve these objectives. For example, by the end of this year we will have eliminated the use of CFCs as a cleaning agent in our semiconductor plants. The compressors made at our new plant in Thailand will comply with the Montreal Protocol, the international agreement to end the use of CFCs in cooling systems by the end of 1995.

'Localisation' brings success in Europe



Mr. Akira Koizumi, Managing Director, Hitachi Europe Ltd., Director, Hitachi Ltd.

To succeed on a global scale, a corporation must grow strong business offshoots, worldwide, and I believe it will prove difficult to find better examples than Hitachi's span of operations in the UK and on the Continent. These are truly European businesses with all the principal functions of product design, production and marketing undertaken locally.

Hand in hand with our aim to provide a "total" European solution which meets our customers' requirements based on the needs of the local markets, we are also buying high-quality European materials and products for use in Europe, Japan and elsewhere. This high degree of "localisation" effectively dispels any sugges-

tion that we exist to sell products

designed and developed in Japan.

The breadth of Hitachi's investment and activity is the true measure of our commitment to Europe and includes a semiconductor plant near Munich in Germany, a consumer products factory at Hirwaun in Wales and a computer products plant near Orleans in France. We are also engaged in the production of air conditioning equipment near Barcelona in Spain. European staff make up more than 95 per cent of the workforce in Hitachi's direct subsidiary operations throughout Europe.

But that's not the complete picture: The aforementioned operations together with our other factories, laboratories and offices throughout Europe are complemented by a deep involvement in local community affairs and it would be difficult to overstate the importance we place on providing help and support for worthwhile causes in a variety of ways.

While it is true that the appreciation of the Japanese yen and the paramount need to make our products competitive led us to invest heavily in Europe, our goal has always been more than simply market share. The main objective is to improve the quality of our business operations and to make a tangible contribution to the future needs of customers and the

communities we serve.

R&D will always remain the bedrock of our success. Here at Hitachi Europe Ltd., for example, not only are we investing in collaborative research, but more importantly, we are ensuring that discoveries made by European researchers remain the intellectual property of Europe.

We have already achieved some

stunning breakthroughs: In collaboration with the Cavendish Laboratory at Cambridge University, we have demonstrated the world's first "Single Electron Memory" in the order of 64Gb or 1Tb DRAM. This paves the way for enormously large-capacity, high-speed semiconductor memory which will make possible a desktop or even palm-held computer able to provide high-quality, 3-D dynamic graphics, or for that matter, even virtual reality. This breakthrough should take the semiconductor industry into the 21st Century.

Working with Trinity College, Dublin, we have developed an artificial retina that can recognise moving or partly-obscured objects that will, for instance, enable a fruit picking robot to recognise fruit that is partly hidden by leaves.

While Hitachi's place is at the heart of the communities it serves, we are already at the frontiers of tomorrow's world.

HITACHI

PLO to set up Palestinian police force

First fruits of peace agreement appear

By Mark Nicholson in Washington and Roger

THE first fruits of the agreement signed between Israel and the Palestine Liheration Organisation

began to emerge yesterday. Mr Yassir Arafat, the PLO chairman, flew to Egypt for talks on setting up a Palestinian police force, an Israeli team made plans to visit Tunis for talks on refugees, and the US confirmed that it would release \$30m in security assistance to Jordan which it had blocked since the Gulf war.

The establishment of Palestinian police units to take responsibility for security in the Gaza Strip and in Jericho after the first stage of Israeli troop redeployment is one of the main priorities for the

Mr Yitzhak Rabin, Israel's prime minister, stressed on Tuesday that he would judge the PLO commitment to peace on its ability to end violence in the occupied territories.

The PLO is expected to hold talks with Hamas, its main rival in the territories which has opposed the peace process, in Yemen later this month. There has been no indication yet from Hamas leaders they are prepared to halt attacks on Israeli forces in the West Bank and Gaza, eveo after the troops have withdrawn from the main

areas of population. Mr Arafat said after talks in

he was grateful for Egyptian assistance in training a police force and other professionals. He also described Egypt as the principal architect of the plan to introduce limited Palestinian autonomy first to Gaza and Jericho, asserting that Mr Mubarak had first put the idea to Mr Rabin when the two men met in April.

"It would be unjust to say that Egypt played a role. Egypt was more than a participant in complete and full partner,

had also focused on convening committees to flesh out the peace pact and arrangements

arrangements and co-ordination with Egypt and Jordan concerning the return of displaced people and matters pertaining to the established administration," he added.

In Amman yesterday officials expressed their satisfaction at the US decision to release the \$30m in blocked aid. The released funds comprise \$15m in economic sup-Mr Arafat said after talks in Alexandria yesterday with President Hosni Mubarak that port, \$9m in military aid, \$500,000 for military training and the remaining \$5.5m

what we achieved. It was a said Mr Arafat. His statement followed criticism in Cairo newspapers that Mr Arafat had not mentioned Egypt's role during his speech at the White House on Monday. Mr Amr Musa, the Egyptian foreign minister, said the talks

to be taken before the actual transfer of authority from Israelis to Palestinians. "We discussed certain steps such as negotiations on the withdrawal of Israeli forces from Jericho and Gaza, the committees that will prepare for elections there, and the

> Saddam Hussein. US officials said yesterday they were examining other ways of pushing forward the process, including convening a meeting of poteotial donors to the lsrael-PLO

for general projects.

The State Department on



Palestinian policemen in training yesterday. They hold the key to whether the PLO can end violence in Gaza and the West Bank

Wednesday hosted a day-long The decision also reflected meeting with senior officials US satisfaction at Jordan's from the White House, improved participation in the National Security Council and US Agency for International imposition of sanctions against Development to discuss a posthe Iraqi regime of President

sible aid summit. President Bill Clinton also made a 40-minute telephone call to President Hafez al-Assad of Syria to assure him of US support for an eventual Israel-Syria deal. He also urged Mr Assad to rein in "rejectionist" Palestinian opposition to

the PLO-Israeii accord. At least 10 rejectionist groups are based Damascus. Israel confirmed yesterday

that it was sending officials to Tunis for talks on Palestinian refugees. The visit is intended primarily to prepare for rext month's multilateral round of talks on refugee issues which were scheduled to run in parallel with main hilateral peace talks in Washington.

Jordan also yesterday began asking Palestinians living in

the country illegally to register with the police. The measure appeared to apply to residents of the West Bank and Gaza who came to Jordan on temporary visits. Most of them have Jordanian passports but are limited to one-month stays in the kingdom.

"This is only a routine measure to allow them to rectify (the status of) their stay," said Jordanian official. "We will no: take any action against

NEWS IN BRIEF

Britain to hold talks with Iran

BRITAIN is sending a senior diplomat to Tehran to discuss the dispute over author Salman Rushdie and other issues. Reuter reports from London.

The foreign office said Sir Michael Burton, assistant undersecretary for the Middle East, would go to Iran

Iranian Foreign Minister Ali Akbar Velayati said last month that Tehran and London were holding talks to upgrade diplomatic relations, currently at the chargé d'affaires level but a British official cautioned against expecting any breakthrough.

Franc denial

The governor of the Central Bank of Central African States (BEAC) yesterday denied reports that his bank would no longer accept CFA franc notes issued hy its West African equivalent, Renter reports

from Yaounde. Both banks decided at the beginning of August to ban the export of CFA notes and stop buying them back from banks outside the zone, in a bid to halt massive capital flight from franc zone countries.

Second vote

Moroccans vote again today to elect 111 members of parliament after an earlier vote for the other 222 members failed to produce a majority for any party. Renter reports from Rabat.

The indirect vote will select one third of the Chamber of Representatives which is due to meet for the first time next month for a six-year mandate.

De Klerk tries for special deal with Buthelezi

By Patti Waldmeir in Johannesburg

African South government was last night struggling to persuade Chief Mangosuthu Buthelezi, leader of the mainly Zulu Inkatha Freedom Party, to return to constitutional negotiations after a three-month absence. President FW de Klerk and

most of his cabinet met Chief Buthelezi and senior officials of Inkatha and the KwaZulu black homeland whose govern-ment Chief Buthelezi leads. Government officials said

they would offer the Inkatha leader special powers for Natal province, his political base, including control of an autonomous police force as well as possibly a limited military force or home guard. Natal may be allowed to adopt its own regional constitution before national elections next year, though this document would have to conform to the national constitution now under dehate in multi-party democracy talks.

Government officials believe it is essential that Chief Buthelezi accept the constitutional

deal which will eventually emerge from these talks. This could be achieved without his party returning to the multi-party table. The inkathalleader has recently returned from Germany and the UK where he came under heavy pressure to moderate his

demand for autonomy in Natal. Officials played down exper-tations of a breakthrough at last night's talks, but said they hoped to lay the basis for an eventual deal

Meanwhile an official of the African National Congress said the ANC president, Mr Nelson Mandela, would ask the United Nations to remove sanctions against South Africa when he addresses the General Assemhly next week.

Mr Stanley Mabizela said Mr Mandela would call for the repeal of all remaining sanctions except those against. arms sales. Previously, ANC officials had insisted that the international oil embargo must: also remain.

Parliament yesterday began debate on the first of four transltion laws that will give blacks a share of power for the

Strong growth in Nigeria forecast

By Michael Holman in London

A BULLISH appraisal of Nigeria's prospects by a leading research firm forecasts steady economic growth, rising oil output and a return to civilian rule next year.

A report published today by

the Economist Intelligence Unit (EIU) predicts that Nigeria's oil production will rise from about 2m barrels per day now to 2.5m by the end of the decade.

Annual real GDP growth will stay above 4.5 per cent over the same period, the London-based research firm forecasts.

The study expects the military-backed interim administration, which took office last month following the annulment of the June presidential poll, to fulfil its pledge to hold fresh elections next year and hand over to a civilian govern-ment. "Short-term volatility should not cloud what is a fundamentally optimistic progno-sis in the long-term, with the establishment of a stable government committed to an open economy," says the report.

The next administration will have little room for manoeuvre in its economic policy, it argues, and will be obliged to implement lapsed economic reforms and enforce "disciplined and transparent management of the public finances"

Nigeria "desperately needs to reschedule its external debt. which by end-1992 was \$29bn. calculates the EIU study, with service payments "roughly one third of all foreign currency earnings." But rescheduling will not take place, the report continues, "until the government demonstrates its intention to adhere to an adjustment programme" which wins International Monetary Fund

One essential condition, says the report, is the removal of the subsidy on domestic fuel half the federal government's recurrent expenditure in 1992.

Nigeria to 2000: After the Generals? £215;\$450 Economist Intelligence Unit, 40 Duke Street, London W1A 1DW. Tel: 071 830 3000 Fax 071 491 2107

Taiwan eases monetary stance

By Dennis Engbarth in Taipei

TAIWAN'S central bank has lowered the reserve to deposit ratio m a move to lower interest rates and spur the economywithout reigniting inflation. The central bank lowered the reserve against deposit ratio for current and savings accounts by a full percentage

point and the ratios for deposits by 0.75 percentage points. This effectively lowers the cost of capital for the island's financial institutions, particularly for private sector banks. It is the latest step in an

expansionary credit policy and economic revitalisation announced by the government in July. Professor Hua Ming-shu of the banking department of Taipei's National Chengchi University said single-digit growth in money supply since the heginning of 1993 illustrated the lack of vitality in the island's economy.

Official growth forecasts have been reduced from 7 per cent to 6.1 per cent this month. High lending rates have been. important in discouraging

local investors, says Mr Hua. The central bank began efforts to encourage local banks to reduce rates on July 30 by lowering the interest rate for secured finance from 5.625 per cent to 6.125 per cent. The bank also released NT\$10bn in savings funds each month to push down lending rates. But local banks followed with only minor cuts.

Earlier this month, central bank officials asked the three major state-owned commercial banks - the Hua Nan Commer-cial Bank, the Chang Hwa Commercial Bank and the First Commercial Bank - to

UN imposes sanctions on Angolan rebels

By Michael Littlejohns

THE United Nations Security Council yesterday imposed an arms and oil embargo on the Angolan rebel movement, Unita, for its refusal to abide hy the terms of a collapsed

1991 peace agreement.
But it delayed the application of the largely symbolic embargo for 10 days to see if fresh peace talks can be convened in the meantime.

The council threatened further sanctions if civil war between Unita, led by Dr Jonas Savimbi, and Angolan government forces has not ended by November 1. These could include a trade ban and travel

The interim measure is expected to have limited effect because Unita has large stores of armaments and Angola produces oil in Cabinda. But the UN action could deter countries like neighbouring Zaire from supporting Dr Savimbl.

Mr Boutros Boutros Ghali, the UN secretary-general, esti-mates that more than 1,000 Angolans are dying daily in the war or from its effects— the largest death toll in any current conflict.

Mr Venancio de Moura, the Angolan foreign minister, told the security council that the situation in Cuito, which has been under siege for eight months, was so desperate that people were eating human flesh to survive. He accused Unita of "horrendous massa cres" and urged the council to impose mandatory sanctions to force the rebels into negotia-

Dr Savimbl submitted peace proposals last Monday that would establish a ceasefire beginning in a week, but his forces continue to shell Cuito. They are estimated to control all but one fifth of the

country.

The UN arranged and monitored elections last year which it hoped would establish a popular government and end the carnage. But Dr Savimbi rejected the outcome which gave victory to President José Eduardo dos Santos's MPLA





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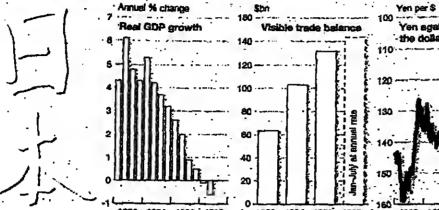
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BOTH IN size and scope, the economic initiative of the new Japanese government headed by Mr Morihiro Hosokawa falled

yesterday to excite. Even the prime minister could describe the package, a confusing mixture of short-term pump priming and long-term reform to Japan's economic structure, only as tha best thet could be expected at the time.
At Y6,150bn (£37.3bn) the

package is dwarfed by the pre-vious two atimulatory initiatives - Y13,600bn was allocated in April and Y10,700bn laid out in August last year. Govern-ment officials argued that it is deliberately small. For a start, 90 per cent of the previous package remains to be spent, according to Mr Hirohisa Fujii, finance minister. The bulk of this would be spent only in the second half of this year, senior officials added. On top of this, it is the first such package to include policy changes, with its proposals for 94 steps to deregulate the economy and plans to pass some of the benefits of the yen's rise to consumers.

William Dawkins examines Japan's Y6,150bn stimulatory plan and what it is likely to achieve Japan's economy: on the brink of recession



promises a review of the tax

system, to be carried out by a

government panel due to

report by mid-April. The mar-

kets etill think the central

bank will cut its discount rate

some tima this month, though

it is being cautious because it

wants to see more companies

get rid of surplus capacity

before encouraging a further

Private sector economic ana-

drop in borrowing costs.

Yen egainst the dollar

one should have known it was

going to be disappointing. The

politics are so complicated,

there was never more than a

one in three chance that Mr

Hosokawa would have come

out with something ambl-

The government's Economic

Planning Agency, often critic-

ised for erring on the optimis-

tic side, forecast yesterday that

the package would add 1.3 per-

lysts estimated that the pack-

age includes between Y1,000bn

and Y3,000bn of genuinely new

spending, with the rest coming from existing government bud-

gets or being shifted from one

sector to another. "It is just

not enough," said Mr Tom Hill,

strategist at S G Warburg Securities in Tokyo.

Mr James Vestal, chief econ-

omist at Barclays de Zoete

Wedd in Tokyo, adds: "Every-

Annual % change 000 Annual % change (at 1985 prices) Real personal Private plant & ..

centage points to gross

Nikkel Average Index. 1901 1902 1993

national product over the next 12 months. So which bits of the Hosokawa pian will have most Most of the 94 deregulation proposals, which include and enlarge on the 60 deregulation measures announced by Mr Hosokawa two weeks ago, may

access to funds. The most radical of the proposals to bring the rewards of the strong yen to consumers, is for the government to publish a monthly list of the import harm some sectors in the short cost prices of basic goods, to term, but bring important ben-

should give companies easier

parks, museums, and bulld slopes for wheelchair users. Cash is also being set aside for loans to small businesses, which complain of a credit squeeze, for tax incentives on machinery purchases and to enlarge government subsidies to companies in order to keep surplus workers on the payroll. efits in the long term, say analysts. A faw promise instant relief, like a plan to deregulate lt is, however, small beer. S G Warburg's Mr Hill estipart of the bond market, which

priced retailers to trim their profit margins. The govern-ment also plans to urge import-ers to drop their prices, which

will prove an interesting test of

Japan's tradition of adminis-

On spending, the package

takes a similar approach to the

previous economic stimulus plans, in that it seeks to improve Japan's creaking and heavily loaded public infra-structure. However, it does

have more focus than provious plans on improving the country of individuals' lives, with pro-

posals for example to build

trative guidance to industry,

mates that the Y10bn increase in employment subsidy will cover a mere 5,000 workers. Meanwhile, few Japanese com-panies are likely to make much use of tax incentives for new equipment, since most are trying to follow the central bank's advice and slim capacity rather

growth in forecast

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Robert Thomson looks at the power exerted by Tokyo's ministries

'The yen are too few, the "ideas too old'

The stock market was not est rates. Instead, the package

WHEN Mr Ryutaro Hashimoto. chairman of the opposition Liberal Democratic party's policy research council, was questioned after the announcement of the package, he suggested that the yen were too few and most of the ideas were old LDP

Mr Hashimoto did not specify whether the former LDP government had proposed that Japan Tobacco donate 50,000 ash receptacles to the public, but the state-owned tobacco company's contribution was counted in the package announced by the coalition

JT's ashtrays were a symbol of the determination of stateowned companies and ministries to donate to the campaign in order to revive and deregulate the economy, though without doing themselves or the national budget much damage. The inability of the seven-

party government of Mr Mori-hiro Hosokawa to extract more funds from the finance ministry and, perhaps, more ashtrays from JT, is a measure of the difficulties that all Japanese governments face in dealing with the bureaucracy.

Most of the deregulation proposals have been raised before, and there is a sense within the bureaucracy that the Hosokawa coalition will not last long enough to implement changes that would greatly undermine the power of the

ministries. There is also surprise among Japanese companies at the willingness of Mr Hosokawa to believe the finance ministry's warnings that a slowing of tax revenue has mada it impossible to produce a larger flow of "real water", as fresh funds are

described.

A senior official at one of Japan's Big Four brokerages said he was not surprised that Mr Hirohisa Fujii, the finance minister, has followed the ministry's line; this was because he is a former finance ministry

"But the whole government appers to be in the pocket of the finance ministry," the offi-

that the package will have an effect.

convinced and slipped 2.1 per cant ahead of the avening announcement, as details

A chorus of business leaders

appeared on television just

after the announcement, com-

plaining that Mr Hosokawa

had not seen fit to respond to

their demands to cut income

tax and thet the Bank of Japan

had not reduced official inter-

slipped out during the day.

"I don't think this is good enough, but I believe that we have done the best we could do at the moment," he declared. One sign of the difficulties faced by Mr Hosokawa's deregulation campaign was a provi-

sion in the package giving Japanese ministries two years to suggest revisions to anti-monopoly laws, which still allow the formation of industry car-The seven-party coalition is

divided over the emphasis that should be given to deregulawith a good excuse to delay changes to the more sensitive issues; such as the abolition of cartels tolerated under tha

Leaders of the Japan Renewal party, one of the coalition partners, have suggested that Mr Hosokawa should concentrate on introducing political reforms, and not himself to be "distracted" by economic and foreign policies. The coalition has promised

to introduce changes to the electoral system this year, and Mr Hosokawa has indicated he will resign if the promise is not

The presumption is that an election will be called when the changes are made and and a new government formed.

But Mr Hosokawa'a chances of another term as prime minister in a new system will depend on public perceptions of his ability as administrator. Certainly, the economic downturn is putting these skills to

LDP officials such as Mr Hashimoto insist that the coalition's policies are a reheating of the formar government's ideas and that Mr Hosokawa has even repeated turns of phrase first used by Mr Kiichi Miyazawa, the former prime

Mr Hosokawa is fortunate that the LDP, which ruled for 38 years, is still prone to divi-

Six MPs from the LDP quit their factions yesterday in pro-Mr Hosokawa was unable to win an income tax cut from the ministry, but still argued test at the party's inability to reform itself by abolishing the system of intra-party factions.



Prime Minister Hosokawa and Mr Takemura, chief cabinet secretary, face cabinet yesterday

Lower fuel bills and a wider choice of beers

By Michiyo Nakamoto in Tokyo

LOWER bills for gas and electricity, more tree-lined streets and a greater variety of beers are some of the changes the Japanese public is being promised in the latest economic stimulus package to be

implemented by Japan.
"The worst thing is to do it in little bits like this," said Mr Takuma Yamamoto, chairman of Fuiltsu, the computer and telecommunications group. Mr Yamamoto argued that the package should bave been adopted earlier and that the amount being considered was far sbort of necessary. "We need at least Y10,000bn (£51bn)," he said.

latest set of measures was mainly to focus on improving the quality of life of ordinary people by enabling them to better enjoy the fruits of Japan's economic success, according to its drafters.

But the package failed to deliver the one change which is widely expected to be the most effective in stimulating consumer demand and revitalising Japan's flagging economy; a cut in income taxes.

Instead, Mr Hosokawa has allowed the Finance Ministry to retain the option of combin ing a cut in income taxes with an increase in Japan's 3 per cent consumption tax to make up for the lost revenue.

The package focused on efforts to deregulate Japanese industries, pass on the benefits of the yen to consumers and improve the country's social infrastructure "from the viewpoint of ordinary people and consumers' interests," according to the government. Among 94 areas to be deregulated are the easing of rules for beer production, the liberalisation of mobile phone sales and a change in Jepanese rules governing the standards for food shelf-life and bullding materials. The first is expected to stim-

ulete local economies by encouraging small brewers to produce their own beers in competition with big producers, while the shift from the leasing of mobile phones to direct sales is likely to trigger greater competition in the market, particularly if it is accompanied by deregulation of mobile phone tariffs. Measures designed to pass

on the benefits of the strong yen to consumers include a reduction in electricity and gas discount services for family air trips in Japan. The lower utility rates, however, are probably too modest to do much to redirect spending to other

The measures are intended to enable Japanese consumers to enjoy the greater international purchasing power they should in theory have as a result of the strength of the yen against the US dollar. The Beonomic Planning Agency estimates that if the benefits of a Y10 rise in the yen's value against the dollar are fully passed on to consumers, it would result in a cut in con-

sumer prices of 1 per cent. The third pillar of the package focuses on coping with the weak domestic economy and YL,000bn worth of measures to improve a social infrastructure. More government money will aid small companies suffering under the prolonged slowdown, and to stimulate interest in home building by increasing the amount of low-

Capital market reforms given

go-ahead THE EMERGENCY peckage endorsed further deregulation of Japan's cepital market, including the introduction of new products, such as bonds with shorter maturities and

floating rate notes. The proposals reinforce gov ernment pledges made in March last year. Deregulation of the capital markets is already slowly under way, and will not have an immediate impact on the economy.

However, in the medium term, a larger and more liquid corporate bond market presents an alternative funding tool for companies at a time when bank lending remains yet to see full-fledged recovery. Until now, short-term corporate paper has been banned by the ministry of finance in order to protect the long-term credit

selves with bank debentures. Earlier this year, the finance ministry eased restrictions on companies which are able to issue bonds, allowing a wider range of companies to fund themselves through the bond market. Legislative changes allowing new products is expected to accelerate the pace

banks, which finance them-

of reform in the bond market. The ministry is also set to allow variable interest rate denosits and interest bearing liquid deposits. A wider range of products will give investors more incentive to place their funds at the banks, which are losing depositers to postal savings, which offer higher

Banks will also be allowed to accept medium and long term deposits, which have previously been restricted in order to protect the market for 10year government bonds.

The government also piedged to reform the insurance industry, one of the most tightly regulated in the financial sector. The sharp fall in the stock market from 1990 has eroded the portfolios of the small life assurers, with many of them in need for financial aid.

Liberalisation of the insurance industry, where barriers between life assurers and nonlife insurers will be eased, is expected to trigger consolida-

Emiko Terazono

Sharp rise against dollar in Europe trading

THE YEN rose sharply against the dollar in European trading yesterday, as currency dealers took the view that the Japa-nese economic package would do little to reduce Tokyo's trade surplus. Officials in Washington are

adopted a policy of benign neglect as the dollar has depreciated against the Japanese currency. By allowing the yen to rise, the US has helped hold back Japanese exports. Four weeks ago, the US Federal Reserve signalled a dramatic change in the Clinton

for most of this year, have US central bank halted the yen's appreciation (it was no by a fifth since the start of the year) by intervening in foreign exchange markets and selling the Japanese currency.
Since then, dealers have been ied to balleve Tokyo

would introduce a strong stimulus to the economy this week that would suck in imports.

Legacy of war overshadows Major's visit serious problems. But there may be some sharp exchanges about Japanness reluctance to open the rice

figure for yesterday's boost was larger than expected, currency analysts were disap-pointed by the absence of tax cuts and a reduction in the official discount rate. After trading at around Y106.50 before the measures

were introduced, the yen appreciated eharply, broke through the Y105 barrier and

last night. Several analysts suggested the yen could have advanced considerably closer to the Y100 level, had it not been for fears that the Federal Reserve might again intervene. "It would be fair to say that Y100 is on the cards now," said Mr Steve Hannah. chief economist at IBJ Interna-

British prime minister adopts a softly-softly approach in quest for increased business opportunites in Japan

By Kevin Brown in London and William Dawkins in Tokyo

R JOHN Major, the Brit-ish prime minister, departs for a six-day trip to Japan, Malaysia and Monaco today, hoping that the long shadow of the Second World War will not sour his hopes for a foreign policy

triumph. Much against Mr Major'e wishes, the issue of compensation for servicemen mistreated by the imperial Japanese military threatens to cloud his first meeting with Mr Morihiro Hosokawa, his Japanese

counterpart. Mr Major is being pressed hard by leaders of Britisb POW organisa-tions, and will be unable to avoid raising the issue with Mr Hosokawa. But Mr Major's advisers were keen to damp expectations of a its stock exchange and its telecomquick breakthrough yesterday, munications market to foreign com-

move beyond Mr Hosokawa's recent declaration of apology for wartime

Senior Britiab officials also stressed that the tone of the trip will be very different from the last visit to Tokyo by Mrs Margaret Thatcher, the then prime minister. four years ago. Mrs Thatcher bluntly warned against protection-ism, pushed hard on a number of bilateral trade issues and left her hosts with their ears ringing. Mr Major will take a softer approach, partly because many of the problems which exercised Mrs Thatcher

have been resolved. For example, Tokyo has opened

warning that Tokyo was unlikely to panies. The Hosokawa government has also embarked on a deregulation drive that has strong parallels with the rhetoric emerging from London.

keen to see a reduction in administration's stance on the

But there has also been a change in UK government approach. Unlike the US. London believes that, exerting pressure on an increasingly confident Japan is the last way to strike a deal. Instead, Mr Major hopes to build

on the warm relationship between London and Tokyo which bas flowed from Japanese investment in Britain. Japan, which directs 40 per cent of its European investment to Britain, increasingly sees London as a reliable spokesman in a shifting and uncertain European Commo-

Mr Major, the latest in a queue of UK ministers to visit Tokyo this year, will be seeking business opportunities for British companies, greater science and technology links. He will also bring support for Japan's growing role in world diplo-

macy. He will be accompanied by a bustness delegation of senior executives from 11 companies, plus Mr Howard Davies, director general of the Confederation of British Industry and Mr Richard Needham, the trade

minister. That looks befty, but it is deliberately lightweight by comparison with the delegation that accompanied then US President George Bush to Tokyo last year, which was widely criticised as clumsy.

The companies will have their amounted to £5.2bn last year. own shopping list. They include Rolls-Royce, Unilever, Guinness, ICL British Telecom, British Gas, General Electric, Cable and Wireless, and Amec.

Rolls Royce, for example, is keen to sell jat engines to Japan Air Lines, which is expected to pick a supplier to refit much of its fleet in November. ICI is hoping to expand a joint venture with Teijin, a Japanese gases group, for making alternatives to chlorofinorocarbons, while GEC is looking for opportuni-

ties in government procurement. Officials emphasise that Mr Major is not just on a aelling mission. Like the US, Britain remains concerned over its growing bilateral trade deficit with Japan, which

But unlike the US. Britain will not push for a numerically targeted cut in the deficit. Instead, Mr Major is expected to press for a multilateral freeing up of Japanese trade, notably by insisting that any concessions granted to the US should

also apply to other trade partners. The UK is also worried that Japan is under such pressure to make concessions to Washington that British companies might lose contracts to US competitors for purely political reasons. Specific items on the agenda include sales taxes on imported whisky, which is many times higher than on domestic drinks, and continuing barriers to foreign lawyers.

None of this is likely to cause

market to foreign suppliers. Mr Major, who is said by officials to be "obsessed" by the stalled Uru-

guay Round of the Gatt, will press hard for movement on an issue he believes may prove crucial to the objective of achieving a more open world trading system. Mr Major will spend two days in

nese reluctance to open the rice

Kuala Lumpur on the way home, mainly in the bope of strengthening relations with Dr Mahatbir Mohamad, the sometimes prickly prime minister, and boosting opportunities for British companies in the dynamic Malaysian economy. The British premier is bracing

himself for a lecture from Dr Mohamad on the European Community's reluctance to intervens militarily in Bosnia in support of tha Moslem population.

ictions

Recession in Iraq export licences revoked after fraud is found mainland EC hits companies

By lan Hamilton Fazey and Tim Burt

THE WORSENING recession in mainland Europe has begun to feed through to companies based in Britain's industrial heartlands of the Midlands and northern England where growth in orders has begun to stall, two separate business

surveys showed yesterday.
The Confederation of British Industry, the employers' organisation, said sluggish European export trade was affecting the recovery in the Yorkshire and Humberside region after steady

growth over recent months. Members of the Yorkshire and Humberside regional council of the CBI said the downturn in France and Germany was exerting a "severe" effect on them. They were also worried by pressure on UK government speoding programmes.

Mr Peter Lee, chairman of the CBI regional council, said: Until there is a turnaround in the rest of the European Community, things will remain less than buoyant bere."

In the west Midlands, the quarterly survey by the region's Engineering Employers Federation found that the proportion of companies enjoying growth in export orders had declined to 20 per cent compared with 27 per cent in

the second quarter. It was the second successive quarterly decline in export vious quarters. Meanwhile, the number of companies losing orders rose for the third suc cessive quarter - up from 21 per cent to 27 per cent.

"Export orders reflect the deepening recession in the rest of Europe," the federation said. Domestic orders also declined, with fewer companies reporting growing demand at home - down from 46 per cent in May to 39 per cent in August. The percentage of companies reporting growth in total orders fell to 41 per cent

Mr David Botterill, the feder ation's chief executive, said overall trends were still positive. But the government "must tread very lightly in the manufacturing sector if the eggshell of recovery is not to

Humberside said the construction industry was also suffering, while overcapacity was leading to severe competitive conditions and pressure on

ger year to come as we reap the benefits of devaluation and

the move away from simple

sunbathing to the more fulfill-

ing holidays that Britain

still seen as a relatively expen-

- bot did not recover to 1990

Malaysia and Singapore

increasing by 22 per cent, and

levels.

Tourist numbers up 8% to record

By Diane Summers, Marketing Correspondent

A RECORD 18.5m tourists visited Britain in the 12 months to April this year, the British Tourist Authority reported yesterday. The figure was a per cent higher than in the previous 12 months while the 8.5m total for the January-June period this year was 10 per cent higher than in the first balf of 1992.

However, spending by tour-ists in the 12 months to the end of March this year increased by only 7 per cent to \$7.9bn. That was the result of trading down, cutting short the length ot stay and beavy discounting hy the tourist industry to attract business, the authority

The authority expects the tourist total for the 12 months to April next year to exceed

Ms Adele Biss, BTA chair-man, said at the launch of the

growth after sustained improvement over the four pre-

from 48 per cent.

The CBI in Yorkshire and

was a hig issue.

Warwickshire, where in 1985 the Europeans won a famous victory and a real renaissance began for what had become a moribund contest dominated authority's annual report: "We are forecasting an even stronby the Americans, In 1989 the competition was tied, the Europeans kept the cup, and the

The European interest in the

offers." However, Britain is competition is now keen. The sive destination "so delivering value for money will continue to be paramount," she added. Travel from north America was up 18 per cent last year on 1991 - the start of that year was hit badly by the Gulf war Growth in visitors from south-east Asia was strong,

Japan by 21 per cent. 300 companies will use the cor-Out of the nearly 10m tourporate entertainment facilities. But the quality of golf may ists from other European Community counties, France and Germany provided the greatest number of visitors.

NEWS: UK

brought to the attention of the

BRITISH companies exporting humanitarian aid to Iraq are to have their licences revoked by the government following the discovery of fraudulent United Nations and Department of

Trade and industry documents. British officials at the UN have confirmed that UK-regis-tered companies are among an undisclosed number from various countries which have been

UN sanctions committee because of the alleged doctoring of UN documents.

The doctoring involves false

statements of export volumes, which may have resulted in some companies hreaching restrictions on trade under UN sanctions.

Under the sanctions regime, which was imposed on Iraq after it invaded Kuwait in August 1990, bumanitarian aid is allowed, though borderline cases, where the aid could be defence-related, are subject to UN scrutiny.

Acting on information from the US and UK intelligence ser-vices, the DTI is investigating at least one case of a Britishbased company.

UK officials say that they have been left with no option hnt to revoke all export licences in order to prevent the fraud from spreading.

hall officials, goods which have been identified on the forged documents are not defence-re-lated. Nevertheless, they represent considerably larger quantitles that those permitted under restrictions supervised by the 15-nation UN sanctions

with Iraq as opposed to homanitarian aid. British companies will be teld they can apply for new

committee and involve trade

tion will involve different paper which officials say is less susceptible to fraud.

The DTL sensitive about not undermining UK commercial interests, was planning to revoke the licencing procedures discreetly, contacting companies before making any kind of public announcement. The DTI said it could neither confirm nor deny that it was about to change its licensing

procedures. According to the DTI, at least 1,200 licences to export humanitarian-related goods have been granted to UK companies since sanctions were imposed on Iraq after the invasion of Kuwait in August

In addition the DTI has issued 270 "supply licences" to UK exporters. This allows UK companies to supply bumani-tarian related goods to Iraq through third countries.

The Belfry counts the notes

Jim Kelly on the business of staging next week's Ryder Cup

A WORLDWIDE television audience of 250m will next week focus on a stretch of vaguely uninspiring countryside in the English Midlands. Throughout the three-day

event 35,000 people will troop across the grass. At lunchtime 8,500 corporate guests will dine in a 35,000 sq m tented village. Golf is hig business. The Ryder Cup between the US and Europe has the added bonus of passion since the competition was revitalised in 1979 by replacing a UK team with a

European one. The last contest, at Kiawah Island, South Carolina, was conducted in a atmosphere close to bysteria. The US won by half a point on the last putt. Crowd control, or the lack of it,

The venue is The Belfry in stage was set for Kiawah.

team boasts golfers from Italy, Spain, Sweden, and Germany as well as the "bome coun-tries" of the UK. More importantly the next Ryder Cup will be held for the first time outside the US and UK, in Spain. Since 1989 £2.5m has been pent at The Belfry hy De Vere Hotels, a subsidiary of Greenalls group, the pub and hotels group. The Belfry, a new much criticised in the past as immature, is reportedly in much better shape. More than

be a sideshow. National fervour has overtaken the competition and the Professional



Ian Woosnam pauses to study the green during first-round play in the Trophée Lancome

organisers, will be watching to see if the spirit of the game is lost in the excitement

Meanwhile the popularity of the event continues to grow. The daily attendance will compare well with the average for The Open Championship itself. The action will be live on BBC

Gollers' Association and the television. Spectator "mounds" the crowd there will no doubt to help the sometimes frantic customers see the action.

More sedate scenes will ensue to today at St Nom la Breteche, near Paris, where several members of the European team are preparing for The Belfry by competing for the Trophée Lancôme. While

they are unlikely to whoop and

Meanwhile at The Belfry the news yesterday was that the three days of the Ryder Cup are a sell-out at £35 a ticket. The advice is that the £15 tickets for the practice days have almost all been sold, too.

sity in London, will lead the

such as Thailand, which 30

years ago were extremely loyal

"There are a lot of countries,

cheer their favourites.

ence timetable.

past four years. The Green Party executiva today reported membership at just under 4,600, down from a peak of 18.500 in 1990 after they had polled 15 per cent of the

Deficit cut by

A tax windfall from the tobacco industry and repsyments of debt hy local anthorities were behind a lower-thanexpected budget deficit last month, according to govern-

The gap between public spending and revenues in August was £3.54bn compared with City expectations of about £3.7bu. The seasonally



Pound drops

as jobs total falls again News that unemployment rose

again last month rounded off a week of poor economic figures, adding to the government's discomfort and triggering nervousness on the foreign exchanges

Unemployment increased a seasonally adjusted 5,800 in Angust following a sharply revised increase of 4,300 in

The number of people out of work and claiming benefit now stands at 2.92m, or 10.4

per cent of the workforce. The Angust monthly increase was the second in a row and went some way towards reversing falls in unemployment that occurred

between February and May. The news contributed to nnease among investors, already unsettled by an ontspoken attack on the leadership of the prime minister by Mr Norman Lamont, the former chancellor. The pound dropped a prennig to close at DM2.4625. Lex, Page 16

Greens fail to start conference

The Green Party had to postpone the opening session of its party conference in Hastings yesterday because too few

reflects the party's continuing fall in membership. Only 40 were ready to take part in the opening session, forcing organisers to rearrange the confer-

Several star Green names such as Jonathon Porritt and David Icke are not attending this year's conference after being forced out of the party hy bitter infighting over the

vote in the 1990 European elec-

tax windfall

ment figures.

adjusted figure brings the defi-

cit for the first five months of the financial year to £18.4bn, 28 per cent np on the £14.4bn recorded for the corresponding period last year.

The figures are roughly in line with Treasury estimates that borrowing for the full financial year will come to £50bn, up from £36.5bn last year and £13.7hn in 1991-92. Customs and Excise duties

in August were boosted by an extra £400m in tobacco duty resulting from a delayed price increase, the Treasury said. Also the overall deficit was contained by local authorities repaying 2762m in August. with repayments from public corporations totalling an additional £521m.

In contrast, central govern ment borrowed £4.56bn compared with £1.49bn in July and £3.96bn in August last year.

Extra police for council poll

Extra police were moved into Millwall, East London last night as a council by election contested by the far right Britisb National Party snded in mounting tension.

Labour party canvass figures last week gave the BNP 34 per cent of the poll, only five points behind Labour. The far right party has this week mounted a push to overtake Labour and win what would be its first local authority seat.

Representatives of the main political parties and church leaders urged electors to vote in greater numbers than is often the case in local authorlty by-elections and help ensure the BNP's defeat. Yesterday's by-election took place after a spate of racial violence.

95% of mobile calls 'a success

members turned up.

The sbortage of delegates About 95 per cent of calls made from mobile phones are pleted, according to an Oftel survey carried out between April and July. It found Vodafone the more reliable operator, with a 96.7 per cent success rate against 94.4 per cent for Cellnet. A survey earlier this year gave Vodafone a 95.4 per cent success rate and Celinet 91.3 per cent.

Egan to head tourist body

Sir John Egan is to chair the London Tourist Board, Sir John, who was chairman and chief executive of the Jaguar car company before it was acquired by Ford of the US. will remain as chief executive of BAA, which owns and runs the three London airports.

Correction

Zurich Insurance: On September 9 the Financial Times wrote that Mutual Municipal Insurance had been acquired hy Zurich Insurance early this year. Zurich Insurance has in fact muly acquired parts of the

Unions to oppose changes in health law

By Ian Hamilton Fazey, Northern Correspondent

THE TRADES Union Congress will resist any attempt by the government to dilute the UK's health and safety legislation, Mr John Monks, the TUC general secretary, said yesterday.

Mr Monks was speaking in Manchester at the opening of a conference on environmental issues organised by the Inter-national Confederation of Free Trade Unions. More than 100 delegates from 30 countries attended.

Mr Monks called on trade unionists to act as "whistleblowers" on their employers if environmental regulations

were not observed. UK health and safety legislation is under review to see if some regulatious can be pruned. "We are concerned that the basic application of We are concerned the law is not changed," Mr Monks said. The onus had to remain on employers to improve health, safety and

environmental conditions. The TUC believes environmental concerns will create jobs through development of a "green" industry. "It is already becoming clear that employ-ment and incomes are being threatened by failure to adapt to best environmental stan-dards," Mr Monks said. "If we fail to develop to these standards, Britain will lose out."

Mr Chris Smith, environment spokesman for the opposition Labour party, said the Multilateral Trading Organisa-tion to be set up to administer the new General Agreement on Tariffs and Trade must have environmental issues in its remit. This would allow it to address problems caused by moving work from countries with tight environmental controls to those with more lax regulations.

Tougher rules ahead for City

By Norma Cohen, investments Correspondent

Securities and Investments Board, the chief regulatory watchdog in the City, London's financial and commercial quarter, is prepar-ing for the first time to ban individuals whose behaviour it regards pose a threat to inves-

In a move likely to unsettle the investment industry the SIB is already reviewing several cases and considering bringing charges against some individuals involved.

Separately, the Stock yestarday announced new measures requiring corporate directors

stock options and bonuses in a move which also aimed at increasing protection for inves-For the first time companies

will have to explain how much It will cost shareholders if the director is dismissed prior to the contract's expiry date. Current rules offer a loopbole under which directors can

keep some of the most expensive details private. Huge payoffs to directors dis-missed for incompetence have been a source of dismay to institutional shareholders who have been pressing for greater say over the terms of execu-

tives' contracts for the compa-

to disclose all the terms of their remuneration including unrelated, the two moves will tighten the regulatory framework under which British financial institutions operate.

The SIB has had the power to ban individuals since its creation, but not once in its sixyear history has it ever considered doing so. Yesterday, the SIB announced the principles under which its banning actions would occur.

The decision to begin banning individuals stems from a review of the SIB'a anthority conducted earlier this year by its chairman, Mr Andrew Large, in which he considered whether new legislation is needed to protect

Tories seek boost for educational exports

By John Authers .

THE Department of Trade and Industry yesterday set up a trade group to improve UK educational exports.

The aim is to improve the marketing of British further and higher education overseas. Such exports already contribnte about £1.5bn annually to the UK economy. The govern-ment also wants to improve the markets for government training schemes and scientific equipment.

Baroness Perry, who recently retired as vice-chancellor of South Bank Univer-

to the UK, hnt now have veered much more strongly to the US and Australia," she said

trade group.

Her priority will be to improve British competitive-ness in bidding for training contracts in developing countries which are funded by the World Bank and usually swarded by national governments. In this market, she says, the UK lags behind Germany and the US.

Revolt against Major gains momentum As the party conference nears, Kevin Brown examines prospects of a leadership challenge

MR JOHN MAJOR returned from his Portuguese holiday three weeks ago determined to draw a line under the series of setbacks which has undermined his leadership since the 1992 election. He has not succeeded.

The prims minister's strategy has been to dismiss talk of an antumn leadership chal-lenge as a product of the "silly season", the quiet summer period when political rumours sometimes achieve unjustified prominence. This approach sufficed while

the rebellion was confined to backbeuchers such as Mrs Teresa Gorman, the rightwing MP for Billericay. But it may not be enough to deal with the more substantial intervention of Mr Norman Lamont, the former chancellor of the exchequer. Mr Lamont, sacked by Mr Major in May, gave fresh impetus to the rebel campaign yesterday in newspaper articles in which he Scarcely bothered to conceal his contempt for the party leader.
If anything, Mr Major's dis-

missive description of Mr Lani-

ont's comments as "rather sad

and disingenuous" seemed

more likely to prompt a further

damaging intervention than to cslm the party's troubled

Tha prime minister's response to Mr Lamont was schoed by cabinet collesques. who condemned the former chancellor's comments, delivered in newspaper articles. The strongest reaction came from Mr Ian Lang, the Scottish sec-retary, who said the sight of

"ex-ministers rewriting his-tory" was "sickening." But such condemnation of Mr Lamont did little to reduce the tensions on the backbenches. Sir Teddy Taylor, the MP for Sonthend East, was only one of a number of rightwingers claiming yesterday that Mr Lamont's views were shared privately by several ministers. However, in spite of all the huffing and puffing on the backbenches, it remains unclear whether, and when, a

challenger will emerge. One idea being discussed on the right is to put up a "stalking horse" candidate designed to tip Mr Major on to the slippery slope towards resignation by demonstrating his unpopu-larity among Conservative

Ironically, this was the strategy adopted in 1989 hy opponents of Baroness Thatcher, then prime minister. She crashed Sir Anthony Meyer, the rebel candidate, hut was sufficiently weakened to be defeated a year later. The consensus is that Mr Major would he fstally wounded if more than 100 MPs opposed him or

abstained from voting. But the problem for the right is thet a leadership challenge can take place only if 10 per cent of Conservative MPs request a poll in writing.
The rulebook says the identities of the MPs would be kept

minster rumour-mill imagines that the names could be kept confidential for long. This means that 34 MPs would have to declare openly that they want to replace the

prime minister. Mrs Gorman

claims that sufficient disgrun-

secret. But no one in the West-

tled MPs are prepared to stand up and be counted. Less committed observers question that assertion. But the arithmetic may change if Mr Major fails to nonstrate a clear grip of the party over the next month.

The crucial test will come in three weeks, when the Conservative rank and file gather in Blackpool for the annual conference. The signs are that many are already in an angry mood. Sir Teddy predicted yesterday that the conference would be "very difficult".

This is partly because of the deep-seated unhappiness about the government's performance on crucial issues such as the economy and law and order.

But it is also a reflection of irritation about manipulation of the conference agenda by party headquarters. For example, there will be no debate on

the extension of value added tax to heating fuel, although dozens of critical motions have been submitted. Mr Major, who is not a good conference speaker, will have to deliver the performance of his lifetime to still the campaign against him. But Mr Lamont is not finished, either. The former chancellor is widely expected to return to the attack when be addresses a fringe meeting. Lady Thatcher will publish

her memoirs next month. Any suggestion of disloyalty by Mr Major during the 1990 leader-ship crisis will be seen by rightwingers as further evidence of his untrustworthiness.
The outlook for Mr Major is

not all gloom. His advisers have always claimed that the government's problems would ease as economic recovery took hold. He is also protected by hold. He is also projected by the rebels' awareness that the most likely winner of a leader-ship battle would be Mr Ken-neth Clarke, the chancellor of the exchequer, who attracts equal dislike from the right.

Nevertheless. Mr Major's future remains unpredictable. Even if he escapes a challenge this year, the leadership issue would be reopened by a poor Conservative performance in the European parliament slections in June next year. That, say the cooler-headed rebels, is the time to watch.



of Queen Victoria's husband, is to be given a £34m facelift (artist's impression above) to enable the building to fulfil its original purpose - the promotion of the arts and sciences. The present layout of the hall, best known for the annual Promenade

Concerts, is too cramped for modern backstage operations

Canada Antonia FINANCIAL TIMES FRIDAY SEPTEMBER 17 1903

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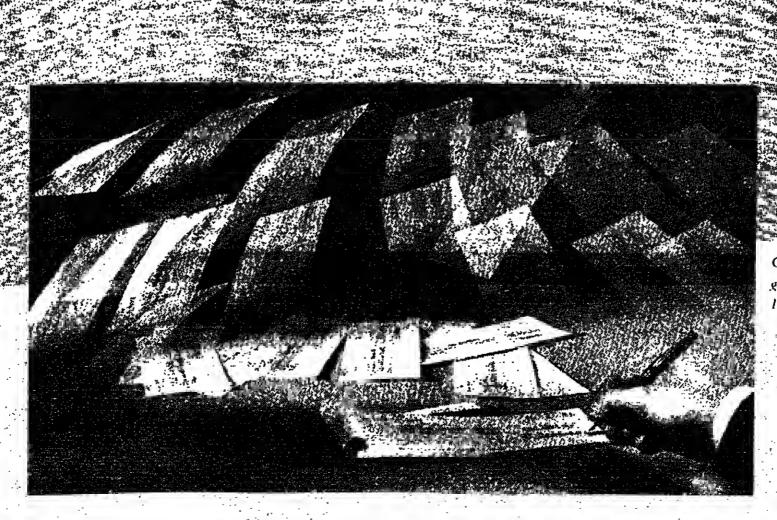
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Can you be certain you're getting as much out of your IT as you're putting into it?

Tim Dickson became an extra at a training session on sexual harassment presented in the form of a drama

The sorry tale of Tom and Lisa

ofternoon neur Moidenhend, England, in and around the offices of MaST, a human resources development consultancy. Running time:

ACT ONE (The prologue)
Enter 30 personoel and training officers (potential clients), a couple of journalists and various MaST "facilitators". All sit, expectantly,

facing the stage The concept of business theatre -"to challenge and stimulate people to think in new and different ways" is explained.

ACT TWO (The play within a play) Enter Tom and Lisa, sales colleagues who share an office. Tom is carrying a copy of Madonna's book Sex. He fancies himself - and Lisa. He makes a number of suggestive remarks in the course of a discussion about an important sales con-

Lisa is not amused. ("I make my living by selling our products. If you want sex, stick to Madonna.") Tom fails to take the hint, first puts his arm round her, and later runs his finger down her arm. On the strength of this she lodges a com-

uropean companies can no longer ignore the problem of sexual harassment. Governments, trade unions, employers' bodies, industrial tribunals, the press, equal opportunities groups and countless

victims have made sure of that. The latest initiative comes from the European Commission, which has just published a booklet* explaining how to construct a policy aimed at stamping ont sexual harassment. It is based on the Commissioo's code of practice, published two years ago.

The code consists of a two-pronged - It inclodes measures to preveot harassmeot from occurring to the first place and measures to fiod ways of tackling it once it has happened. It urges companies to: • Issue a statemen spelling out what counts as

The play is balted. The "audi-

ence" of personnel officers and journalists is divided into two groups to assess the action so far, to explore ways of resolving the conflict betweeo Tom and Lisa, if possible through mutual agreement or reconciliation, if necessary through the

The two groups separately interview and counsel the actors who respond in the characters of Tom and Lisa. Each group then briefs one actor on what to do next, the hope being that the drama will end with the sales duo amicably at their desks and the legal cloud lifted.

Earnestness and political correctness are in plentiful supply. No one doubts that Tom is the cad. Dehate centres oo how to rebuild a harmonious working relationship. Efforts to suggest to Lisa that she might just loosen up a touch and to explain why Tom might bave got carried away - his previous colleague Alice was evidently a bit of a flirt - leave her unconvinced.

The other group instructs Tom to go hack to the office, apologise to Lisa, and lay down clear behavioural guidelioes to govern their relationship in future.

harassment, making it clear that

and describing a procedure through

Make sure that employees know

managers to make sure harassment

Provide training for managers

and for staff processing complaints.

Make sure cases are investigated

such behaviour is unacceptable

which employees can complain.

• Place responsibility on

does not occur in their areas.

Set up formal and informal

Designate someone to give

quickly and by a committee set

np for the purpose.

• Mete oot suitable disciplinary

channels for dealing with

advice and assistance.

about the policy.

complaints.

ACT FOUR (The denonement of the play within a play in which the actors ad lib in character)

A surprisingly self-satisfied Tom is just putting the telephone down as Lisa arrives for work. They begin
- falteringly - to consider possible
ground rules. Both seem to be going through the motions. After a minute or so, of discussion, Tom announces that their conversation is a hit academic; be has just accepted a job with one of the company's hig customers.

ACT FIVE (The epilogue)
Enter Dianna Yach, MaST consultant and legal expert. She explains that the drama A Bit of Fun can be used as a tool for spreading awareness about sexual harassment, a training programme, or an assess ment vehicle.

Yach emphasises that sexual harassment poses a serious financial threat to companies, as well as being an important human issue. Attitudes towards acts of harassment, particularly sexual harassment, are hardening and industrial tribunals are more willing to mark their disapproval in enhanced awards against employers.

Following a decision last month in the European Court of Justice

Curbing the office pest

Slowly, companies are beginning

to realise something needs to be

done. The telephone lines have

which runs a service advising

harassment. In 1990, an average

of one employer a week used the

receiving about two inquiries a

day and the oumbers are rising.

receot research by Industrial

A similar pictore emerges from

Relations Services, the pay and conditions research group. It found

that a third of British employers

had a policy to deal with sexual

harassment and a further third

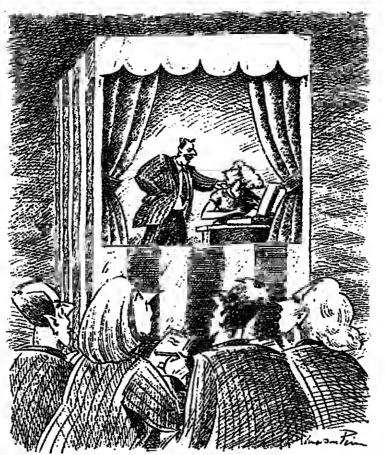
service. By last year, the EOC was

employers on how to comhat

been increasingly busy at the UK's

Royal Opportunities Commission.

measures to guilty parties.



(Marshall v Southampton and South West Hampshire Area Health Authority) the upper £11,000 limit on equality compensation in the UK

has been declared unlawful. Employers are vulnerable, insists Yach, unless they can show that they have takeo clear and positive steps to investigate a complaint, and taken positive action should the complaint appear justified. Tribunals are interested in the

However, the mere existence

policles which fall short of the EC's

guidelines. A recent survey by the

Industrial Society shows that more

not know if their organisation has

a sexual harassment policy or not.

The EC booklet says companies

litigation from employees who have

than a fifth of UK employees do

without a policy are open to

been the victims of harassment.

Agnès Hnbert, head of the

European Commission's equal

opportunities unit, says a policy

may also save companies money.
"Organisations should think

of a policy does not mean it is

having any impact. Indeed, it

seems many companies have

effects of behaviour, so it is not a defence to allege that the individual meant no harm. As one UK law firm discovered last year, employers can be held liable for what goes on at the office Christmas lunch.

Information on the next production in early November from MoST, Hermitage House, Buth Road, Taplow, Muidenhead, Berkshire,

seriously about the cumulative cost of replacing staff affected, paying sick leave to employees whn miss work because of stress. and the implications of reduced productivity - all expensive drains on morale and efficiency", she says.

The priority attached to the issue varies in different countries. The report is peppered with best practice examples from the Netherlands, where many organisations have gone beyond the guidelines by instituting training and setting op external complaints commissions

*How to Combat Sexual Harassmen at Work available from Commission of the European Communities, 8 Storey's Gate. London, SW1P 3AT. Tel: (071) 222 8122.

Lucy Kellaway

Fuelling a new popularity

Drivers are turning increasingly to diesel cars, writes John Griffiths

leet managers must have been struck by last month's UK car registration figures. which showed a 79.4 per cent leap in diesel sales. More than one in every five new cars sold is now a diesel and Citroën, one of the market leaders, believes the figure could rise to one in three by the end of this year.

Some companies are switching all or part of their fleets to diesels to take advantage of their better fuel consumption. On the while they are 25 per cent more economical than petrol-driven vehicles.

A flurry of surveys has indicated that the UK may be witnessing one of the most significant shifts in business fleet acquisition policies since the company car sector first sprang into life in the

What emerges from them are changing driver attitudes towards the car, with greater concern about costs and the environment increasingly replacing perfur-mance-oriented obsessions of the 1980s. The sector's growth is also being facilitated by the reductioo and, in some cases, disappearance of the price premium demanded by manufacturers.

Diesels can be expected to receive a further substantial boost from company car taxation changes which come into effect next April, under which tax payable will be based oo car prices rather than engine size. The larger engine capacity required by a diesel to provide performance comparable with a petrol unit currently remains a considerable tax disincentive to company car drivers choosing a diesel model.

The disadvantage may be further offset as early as the Budget in November. Diesel economy will become relatively more attractive if, as some industry analysts believe, the government imposes a sharp increase in overall motor fuel duties to compensate for its £1.6bn revenue loss from abolishing Special Car Tax.

Two recent surveys illustrate the upsurge in diesel popularity; One, undertaken among 190 fleet managers by Fleet Management magazine and the leasing subsidiary of BRS, the fleet management company, found that 61 per ceot expected diesel cars to

Eighty-five per cent intended to increase the number of diesels on their fleet over the next 12 months and 98 per cent believed fleet operators generally would increase the

number of diesels on fleets. The survey also indicated that nine out of 10 fleet operators oow believe diesels are more environ-mentally "friendly" than petrol-engined equivalents.

Harris Research Centre, in a poll of 1,072 drivers in the UK, France, Germany and Italy, also showed that around half will consider making their next car a die-sel. In the UK, 11 per cent said they had already decided to do so, with the figure rising to 22 per

A flurry of surveys has indicated the UK may be witnessing a significant shift in business fleet acquisition policies

cent in France. In a similar poll in 1989 only 3 per cent of drivers to the UK said they would definitely buy diesel. Drivers in the Harris survey were buth husiness and private motorists.

According to statistics from Automotive Industry Data, the motor industry monitoring organi sation, diesels took a 19.6 per cent share of total west European sales in the first quarter of this year, compared with 17.3 per cent the year previously.

According to Jack Fryer, managing director of Lucas Industries automotive division which commissioned the Harris research, it is unlikely that the price premium for diesels will be eliminated eotirely.

But he says that advances in technology have already solved or are solving other current perceived oegatives such as noise and a slight delay in starting while glow plugs warm up.

"The diesel will never take over the GTI market but it probably has a natural market level of 30-35 per cent," he maintains.

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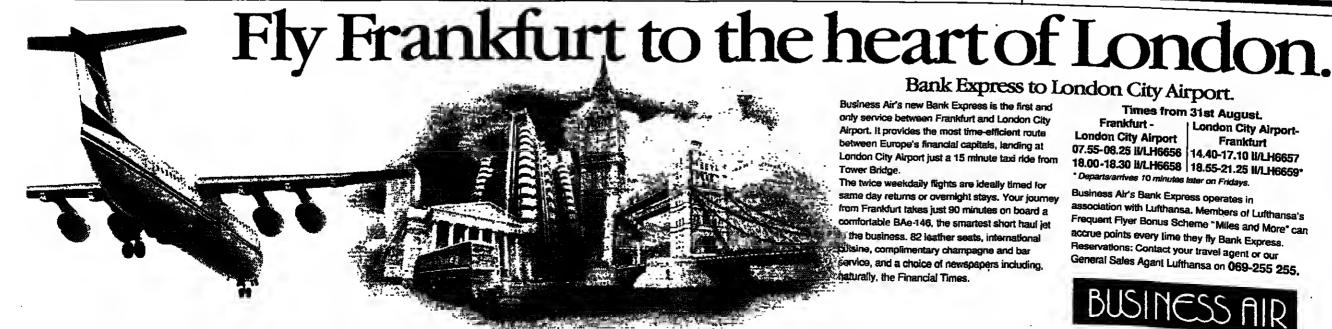
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THE pharma-ceutical industry is beginning to give diabetes the attention it deserves as one of the western world's most serious - and fastest grow-

ing - chronic diseases. Diabetes and its complications already kill 160,000 people a year in the US.

Prospects for the immediate future include easiar ways to administer insulin than the traditional self-injection, e new hormone to enhance the effects of insulin, and the first drugs designed to treat the medical complications of diabetes. Further shead lies the possibility of curing or preventing diabetes by intervening in the disease pro-cess at the molecular leval.

Diabetes is ultimately an euto-im-

mune disease, triggered by e combination of genetic and environmental factors. The body's immune system desiroys the cells in the pancreas that make insulin, the hormone controlling blood glucose

Until the isolation of insulin by Frederick Banting and Charles Best in 1921, anyone with the most severe form of the disease, known as Type 1 or juvenile-onset diabetes, soon fell into e coma and died.

During the 1920s and 1930s two companies that still dominate inter-national insulin production today, Eli Lilly of the US and Novo Nordisk of Denmark, set up plants to extract the hormone from pigs' and

Diabetics could then stop themselves falling into a fatal coma with regular injections of insulin. But these were no cure; diabetes became instead e chronic degenerative disease with e multitude of life-shortening complications including poor blood flow, blindness, kidney failure and severe nerve damage (neuropa-

thy).
Worldwide sales of diabetic drugs

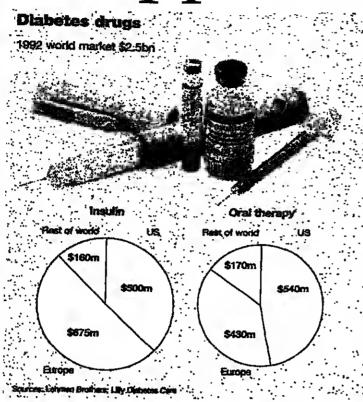
on the (£1.6bn) in were worth about \$2.5bn (£1.6bn) in 1992 and are growing at about 10 per cent a year, according to Lehman Brothers, the international securities company. Insulin has about 60 per cent of the market. The remainder is for "oral hypoglycaemics" - drugs taken by people with Type 2 or adult-onset diabetes, a less severe form of the disease.

The most important development during the 1980s was the genetic engineering of bacteria or yeast to make insulin identical to the hormone produced in the human pan-

This "human insulin" has the advantage that unlike animal insulin, it does not stimulate unwanted antibodies in patients. About twothirds of diabetics have now switched from animal to human insulin. Some were put off by reports that patients on human

Continuing a series on drug discoveries, Clive Cookson considers developments for the treatment of diabetes

Gaining the upper hand



insulin were more likely to suffer from acute hypoglycaemia - a sudden and potentially fatal fall in blood sugar levels - because it gave them fewer warning signs of an impending attack, such as sweating and tremor. But the Drug and Therapeutics Bulletin, published by the UK Consumers' Association, concluded this year after reviewing all the clinical data that human insulin was just as safe as the animal ver-

'At the same time, the insulin manufacturers are making it easier for diabetics to inject themselves. In the 1920s, patients used a ground glass syrings that had to be steril-ised in alcohol every time it was used. The minimum standard now is a throw-away plastic syringe with an ultra-thin needle that causes little pain or skin damage. And more and more diabetics are using convenient pre-filled injection "pens".

An alternative hi-tech delivery system is the insulin pump, which infuses insulin slowly and steadily into the patient's bloodstream. Its advantage is that it reproduces the hormone flow of a real pancreas more accurately than injections. The disadvantages include cost (about \$4,000) and the inconvenience of always having a device about the size of a cigarette pack strapped to one's body.

This year Novo Nordisk agreed to promote pumps manufactured by Minimed of the US for its insulin preparations. But the Danish company estimates that only 25,000 diabetics worldwide are on pumps while 750,000 are using its Novopen injection systems.

Research aimed at removing the need for injections or pumps altogether, by developing forms of insulin that could be taken by mouth or as a nasal spray, has given gener-

ally disappointing results. Several groups bave come up with experimental forms of oral insulin. The hormone is given a coating, such as gelatin and/or bio-degradable plastic, which protects it from digestive juices in the stomach and then releases it into the bloodstream through the intestine walls But none so far gives sufficiently reliable doses of insulin.

Novo Nordisk spent a lot of time and money developing a nasal insulin preparation, only to abandon the project last year after clinical trials showed that it was oot sufficiently effective at reducing glucose levels in the blood.

The benefits of controlling blood sugar as tightly as possible were shown in the results of a nine-year study sponsored by the US National Institutes of Health, which were released in June. Type 1 diabetics who injected themselves three or more times a day or used an insulin pump reduced the risk of complications by more than half in comparison with those who had only one or

two insulin shots per day.

The study is likely to stimulate sales not only of pumps and injection pens but also of glucose monitoring devices and disposable test strips, produced by companies such as MediSenes

A quite different approach to better control of blood sugar is based on another pancreatic hormone, amylin, discovered in 1987 by a Medical Research Council group at Oxford University. It appears that Type 1 diabetics are short of amylin as well as insulin, whereas Type 2 diabetics make too much amylin.

A company set up in California to exploit the Oxford discovery, Amylin Pharmaceuticals, is carrying out a clinical trial of AC137, a synthetic version of the hormone. Preliminary results announced this month suggest that AC137 injected with insulin helps to "smooth out" the rise and fall in blood sugar levels. Amylin is also working with Glaxo, the largest UK pharmaceutical company, to develop amylin blockers as drugs for Type 2 diabet-ics. Two candidates are due to start

clinical trials next year. Drugs available today for Type 2 diabetics are "oral hypoglycaemics" which stimulate insulin production; the leading manufacturers are Hoechst of Germany and Upjohn

and Pfizer of the US. Other companies are trying to tackle diabetes on a more fundamental level by blocking the auto-immune reactions before thay destroy all the patient's insulinproducing cells. Drugs that suppress the immune system, such as cyclosporin, delay the onset of the disease but their side-effects rule them out as routine therapy. The bunt is on for more specific treatments; one candidate is a "fusion toxin" produced by Seragen in the

For a diabetic who has already lost all capacity to make insulin, the best long-term prospect may be some form of artificial pancreas. Two US companies, CytoTherapeutics and BioHybrids, have developed technology to transplant insulin-producing islet cells into diabetics; the cells are encapsulated with a semi-permeable polymer membrane to protect them against destruction by the patient's immune system. Both systems work in diabetic animals and are now beginning clinical trials, although they are unlikely to be evailable commercially for sev-

eral years. One of the most ective areas of diabetes research is in the treat-ment of diabetic complications. The first drugs designed to protect kidney, nerve and eye cells from the toxic by-products of abnormal sugar metabolism are beginning to reach the market. "Aldose reductase inhibitors" are one category, pioneered by American Home Prod-

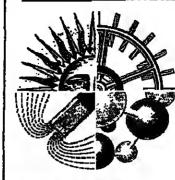
Scotia of the UK is carrying out clinical trials of EF4, a mixture of fatty acids extracted from evening primrose oil. It appears to protect nerve fibres by increasing blood flow in the legs, feet, arms and

David Tomlinson, professor of pharmacology at Queen Mary's College, London, outlined e more radical approach to diabetic neuropathy at a meeting of the British Pharmacological Society this month. He proposes to repair the damage with neurotrophic factors, recently dis-covered compounds that stimulate the growth of nerve cells.

The series will continue next month with an article on anaesthetics.

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Epilepsy	
Arthritis	27 Jul
Мепорешве	
Alzhelmer's	24 Ma
Allergies	
High blood pressure	

Worth Watching · Della Bradshaw



Unlocking a new operating system

Leading US personal computer maker Compaq Computer took a technological plunge on Tuesday with a range of ninicomputer-repla multi-processor" systems, writes Geof Wheelwright.

Known as the Compaq ProLiant family of "file servers", they have up to four computer processors in a single machine (the highest number ever offered by Compaq).

ProLiant systems will come with specially-designed mplementations of Novell's NetWare, SCO's Unix and Microsoft's Windows NT Advanced Server on four co discs. These CDs can be used with the built-in CD-Rom player to install any one of the operating systems - although users must first contact their Compaq supplier to pay for e software "key" to "unlock" the operating

system they choose to install. This system means users can have immediate access to the network operating system of their choice without having to order it for inclusion with the system. Compaq: US, 713 370 0670; UK, 081 332 3000.

Putting videos in the picture

For those would-be cinematographers with 8mm camcorders, the Korean electronics company Goldstar has introduced a simpler way of transferring recordings from 8mm to VHS format so that the film can be viewed like an ordinary video.

The RDD10i machine is a traditional VHS remote control VCR but with an extra slot for Sum tapes. By inserting the recorded Sum tape and a blank VHS tape the reording can be simply transferred. The system also includes basic film editing capabilities to help produce a

more professional film. The RDD10i costs £629.99. Goldstar: South Korea, 2 787 1114; UK, 0753

in tune on the motorway

Every driver knows how dangerous it can be to try to tune in the car radio while driving. German manufacturer Blaupunkt has launched a car radio which could eliminate the problem by displaying all the required information on e colour liquid crystal display screen which sits near the top of the dashboard.

As well as displaying the name of the station to which the radio

is tuned, it lists all the stations available, which can be selected asing e cursor. The unit can also be attached to e CD player or e navigation system, so that it can display textual data or diagramatic route information. Blaupunkt: Germany, 51 21 49 46 12.

Saving space with the office computer

A computer system which stacks like e hi-fi unit has been developed by Motorola, based on its MC88110 Risc microprocessor. The Series 900 enables five units - the central processor box, memory units, etc to lock together without

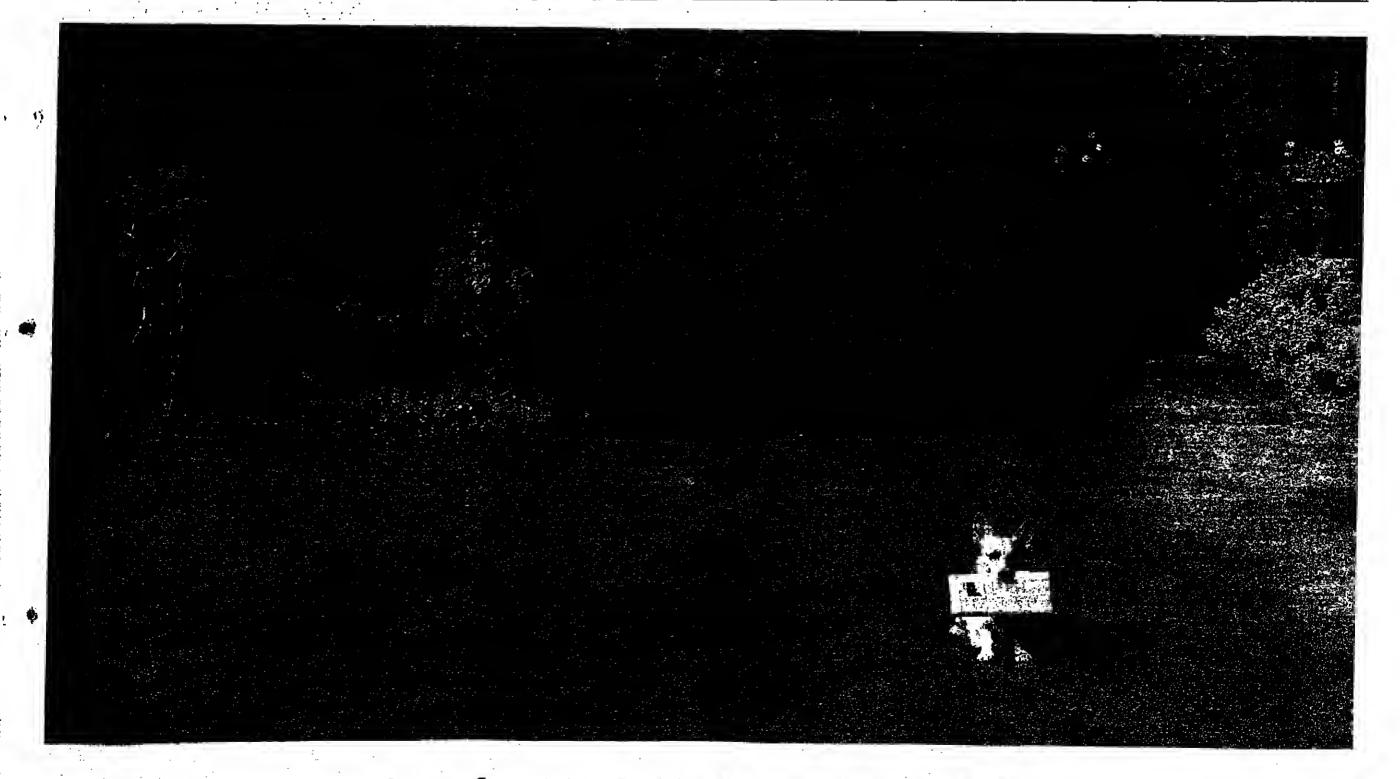
The company believes the Unix system can be stacked together by any end-user, and will be bought by companies that want the potential to expand their

computing facilities rapidly. The Series 900 has a five-year warranty on parts and labour. Motorola: UK, 0628 39121,

Fashionable PCs put on the spot

The letest for the fashion-conscious computer owner is a computer system with a spotty case.

Pro City Computers, which sells its wares on London's Tottenham Court Road, has designed new cases for its PCs and stack computers which incorporate a large coloured spot - red, pink, purple, blue, white or black in the centre of the case. The company reports interest from corporate clients who select the spot to match their logo. Pro City Computers: UK, 071 637 0736.



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Morrissey to join Independent

Newspaper Publishing publisher of The Independent and Indapendent on Sunday newspapers, has appointed Pat-rick Morrissey as chief execu-tive from October 1 and to the board immediately.

Andreas Whittam-Smith, Newspaper Publishing's deputy chairman and editor of The Independent, who announced his intention to stand down as chief axecutive in July, said yesterday: The qualities and experience that Patrick brings us are exactly what we need for our next phase of growth." Starting his career in marketing at J. Lyons & Co, he eventually moved on to the international division of Beecham Group in 1971, where his

posts included regional direc-

tor. Morrissey, managing direc-

■ Colin McAusland has moved

from the FKI group, where he

has spent the past five years as managing director of Huwood

International, to become man-

aging director of CRABTREE

of Gateshead, producers of

McAusland's move is, at

least geographically, a small step; Huwood, suppliers of

equipment to the mining

industry, and Crabtree are

barely e mile apart on the

Team Valley estate in Gates-

head, Tyne and Wear. During

his time at Howood he turned

the business from a beavy loss-

metal decorating equipment.



tor of Mirror Group Newspapers between 1985 and 1990, says that his first task would be to "develop a business strategy for the next three to five

Since leaving MGN, Morris-

sey, 52 has been managing partner of The Advantage Partnership, working as a consul-tant to various publishing com-panies and newspapers, including the Financial Times. David Bell, the FT's chief executive, says Morrissey has been very balpful to us, making a significant contribution

to refining the overall strategy of the group. Morrissey himself said that his time et MGN "gave me experience of the transfer of a newspaper group from loss making into one making significant profits. But I don't think there are any magical formu-

Bruce Fireman, a non-executive director who has been on the board from the inception.

From far and wide to join London Ambulance

Following its problems earlier this year, the London Ambulance Service has appointed four new divisional directors and a director of personnel. An inquiry last year into the failure of the service's computer system had concluded that the ingle centralised organisation of the service was not eppropriate and that there was a need for a strong local focus. According to Martin Gore-

Of the four new operating

divisions - central, north east,

north west and south London

- only one will be filled by a

local person: Philip Saunders.

former director of north east

Thames, crosses the river to become the director for south

The other three will be mov-

maker to a profitmaker for ham, the chief executiva to whom the divisional directors will report: "We wanted it The Crabtree Group, which managed on e scale that people floated in June, is now seeking a substantial ecquisition. could cope with and are now in the position of having the right McAusland, 48, is succeeded et Huwood by Alan Davidson, formanagement team in place. We have the foundations to rebuild merly financial director.

the service."

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John Clark, formerly chief executive of J.A. Devenish who hecame a multi-millionaire after Greenalls takeover of Devenish, has been appointed chief executive of BUCKING-HAM INTERNATIONAL, the property, botels and nursing group which bas just announced a loss of £62.5m in

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who was national training and development director in the Scottish Ambulance Service, is appointed to north west London; Owen Disley, former chief executive of the Merseyside Ragional Ambulance NHS Trust, at north east London: and Don Page, former chief executive of South Yorkshire Metropolitan Ambulance Service, et central London.

Andrew Brown, personnel director for Nestle and Clark Foods, has been enticed on board as the new director of

Goreham says ha is not ask ing his managers to emulate those at the Northumhria Ambulance NHS Trust where a variety of money-raising activities is being developed: "We have hired managers, not entrepreneurs." those managers will have to have a commercial awareness in a service whera cartain activities are being commercially tendered.

The posts carry salaries in excess of £45,000; MSL organ-

Insurance moves

■ Alan Nash, general manager UK operations, has been appointed a director of The EQUITABLE LIFE ASSURANCE SOCIETY Richard Surface, md. Sun Life International; Richard Gough, md of Sun Life International (IOM); David Wigg, financial controller, Sun Life International (IOM). have been appointed directors of SUN LIFE Global Management Ian Richardson, group company secretary, Sun Life Corporation, has been appointed Global Management's chairman Bill Main, formerly general

manager - finance at Scottish Equitable, has been appointed to the same position at SCOTTISH WIDOWS. John Blakemore has been appointed company secretary of INDEPENDENT INSURANCE on the retirement of Peter Turner.

■ Neil Utley (below) has been appointed md of COLONNADE INSURANCE BROKERS. ■ Peter Sweet has been appointed a director of C.T. **BOWRING Space Projects**; Elizabeth Holton, Stephen Lioyd and Edward Verbi have been appointed directors of Bowring Aviation. Adrian Fox, Michael Leathers, Christopher

Reeves and Ian Yuraszek have been appointed directors of Bowring Financial & Professional Insurance Brokers. Brian Bolton bas been appointed a director of Bowring Marine and Alla Retz and Rinda Gibson have been appointed directors of Bowring



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availabla. Supply and waste removel systems are connected to the local municipal network. About half of tha company site is presently being leased to approx. 60 firms, the other half is used by "Bördeflaisch Magdeburg GmbH" for production. Note: Because the city of Magdeburg plana another use for the company site mid-term, the investor will be provided with a property of equal value in Magdeburg-Rothensee by tha local government where a completely new slaughter-house will be built. Until completing of the new building, the

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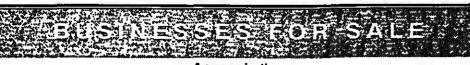
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at 11.30 on 1. Oresitors whose claims are wholly with or men it (quest) rescently resume, 5t (ames Street, Sheffield, 51 2EW, on 24 September 1993) at 11.30 am. Creditors whose claims are wholly presented are not outlifted to arread or be represented at the incesting. Other creditions up only notified to wore if at they have delivered to at at the address shows below, by no later than now on 23 September 1993, written details of the debts they claim to be due to them from the the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the insolvency Rules 1986; and b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf. Dated: 9 September 1993 Signed D J Stokes, Joint Administratives Receiver, Coopers & Lybraud, I East Parade, Sheffichi Si 207

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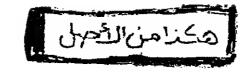
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Uchida launches piano season

ondon's Wigmore Hall is setting out on the confidence in its step. From the experience of the past year following its refurbishment, it knows that audiences are attracted by the new facilities and is in the position to plan an ambitious programme, notably of singers and planists.

The "International Piano Season" was launched on Wednesday with a recital by Mitsuko Uchida. Thanks to its fine acoustics and intimate atmosphere the Wigmore has always attracted some top planists, but this selection seems especially impressive: Ousset, Pires, Schiff, Alexeyev and Donohoe among the 18 to be heard, promising to rival the South Bank's old Sunday afternoon series. If all are as good as Uchida's opening recital, they surely will.

The atmosphere was relaxed, the musicianship rewarding, the encores generous. One sensed that Miss Uchida loves the hall, even if her affection does not extend to its piano. When it re-opened, the Wigmore proudly invested in a new Bösendorfer, but she spurned that gleaming new instrument (I take it the Bösendorfer was the piano unceremoniously shunted to the back of the platform) and played on the O Steinway.

What to make of this change? Uchida is not a pianist to call on the Steinway's ringing power, at least not at this yenue; perhaps she thought it wiser to steer clear of its brittle, aristocratic rival for this programme. Her opening Haydn Sonata, Hob XVI in D, was anything but chilly or formal. The playing relished every witty harmonic surprise, every dramatic about turn, using the full range of the Steinway's

When András Schiff played Schubert's unfinished C Major Sonata, D.840, in his Schubert cycle at the Wigmore, be made a point of including the extra fragments. Uchida just played the usual pair of movements, but ironically her performance felt the more complete of the two. Where Schiff had alternated between hushed calm and violent outbursts, Uchida showed bow the one grew out of the other, fesing into a deeper, more involving musical personality.

That was the feature that distinguished the whole evening: a desire not to settla into one frame of mind for long stretches at a time, but always to sense shifts of feeling, new emphases, different colours. For Schumann's Kreisleriana which runs from poetry to passion and back again within a page or two, Uchida's darting intellect was well nigh ideal. In the closing minutes the music came close to running away with ber, but better that than caution. May all the Wigmore pianists have her adventurousness of spirit.

Richard Fairman | "Instamatic Painting No. 3", by Magnus Hammick

Opera / Max Loppert

A disappointing La Bohème

eral notable firsts: first new production of the opera in London for 15 years; first new production of the 1993-94 season and of the Dennis Marks-Sian Edwards ENO administration; first Coliseum new production to be conducted by Miss Edwards; first ENO collaboration of Steven Pimlott (producer) and designers Tobias Hoheisel (sets) and Ingeborg Bernerth (cos-tumes); house debuts of the American soprano Roberta Alexander (Mimi) and the Welsh baritone Jason Howard (Mar-cello); first outing for the new Jeremy Sams translation.

It is, as it happens, not the first Boh-ème to have left me utterly untouched uncharmed in the early acts, unmoved in the later - but it is one of the most completely disappointing. While evidently much hard thought and concern for practicability went into its prepara-tion, the total effect, as executed on Wednesday, is of a strained, fitful ingenuity circumscribing the opera's emo-tional amplitude. That the music seems to be offered in exact parallel – with bright moments in the orchestral delivery and passing pleasures of vocal utterance but with no overall unity of styls or command of dramatic paragraph - hardly helps.

Pimlott and his team have updated the opera to Paris in the 1950s (even if period detail seems vague, sometimes contradictory). Their more widely publi-cised novelty is to have joined up the four acts without interval and presented them in a single set - a large, cold, ugly "studio space" divided down the middle by columns, capable of responding to different scenic demands at speed though seldom with any gain in real dramatic fluidity (the Barriere d'Enfer roll-call makes no sanse

In a programme note the producer suggests that doing the opera this way might permit a fresh concentration on the opera's "labyrinth of relationships", a fresh illumination of the distinction between the everyday and the poetic in its dramatic unfolding (underscored by Hugh Vanstone's fidgety lighting plot).

he new English National Opera

I understand the point he hoped to make. I find little evidence that he has actually done so.

The Left Bank revelry is a Big Number - Musetta, a tall, svelte Crazy Horse siren as embodied by the handsome, warm-voiced Cheryl Barker, strips to her gaine-combinaison atop a tabla -indicating that Mr Pimlott's success in West End musicals has a heavy influence. Even here, however, a joyless pseudo-efficiency blights the scene's simpler pleasures (apart from an indom-itable, word-relishing Alcindoro from Donald Adams, which he doubles with Benoit)

Most of the time the production is a Bohème graph-analysis rather than a full-blooded Bohème experience. There are exceptions to this rule: the precisely touched-in details of the Bohemians' domestic life and their different psychological rolea therein (Christopher Booth-Jones's prisay, super-sensitive Schaunard and Andrew Slater's Colline, surface-fuzzy but razor-sharp beneath, are two of the show'a plusses), and Marcello's exuberant, volatile temperament (Jason Howard, in spite of intermittent excesses of unvaried loudness, is the evening's star). For once, unfortunately, Jeremy Sams's skill as deviser of new and witty English rhymeschemes and word-plays comes across as fearfully self-conscious, and so the mood of the domestic encounters tends to be compromised.

Miss Edwards's first ENO Bohème veers between galumphing boisterous-ness, with word-covering and voicedrowning a perpetual threat, and swoony sentimentality. She is alive to the beauty and exact purpose of Puccini'a Act 3 scoring; her reading will snrely develop beyond this erratic, unfocused start. She needs to cherish her Rodolfo a good deal more - John Hudson, pure-toned, small-scaled, inexperienced - and likewise cosset Miss Alexander'a "difficult" (and un Wednesday sometimes fugitive) top register.
As an admirer of this soprano's heart-

breaking Glyndebourne Jenufa and, in general, of her distinctively colourful vocal style, I admit to a special disap-pointment at the curiously blank qual-



Jason Howard and Cheryl Barket

lty of her ENO Mimi. She has been invited to underplay the illness, a good idea that - like the staging as a whole seems to have gone badly wrong somewhare between rehearsal room and opening-night performance.

ENO at the London Collseum, St Martin's Lane, WC2: in repertory until October 27; production sponsored by The LLR. Group.

Ballet/Clement Crisp

The saga of 'Anna Karenina'

companies, the gun pointed at classical dance's temples, is the threeact ballet. At the box office they know the ghastly truth: an avening of three one act bal-lets keeps the audience away in droves. A full-length piece will fill the house. This preposterous situation is owed, I suspect, to the Royal Ballet's success in making the old "classics" popular with audiences, and in then producing choreographers - Ashton, Cranko, MacMillan, Bintley able to make valuable extensions of the genre. With emula-tive snobbery, other troupes have, since the 1950s, led audiences to believe that three acts of choreography is better than three separate works, that big is beantiful, packaging more important than content.

Our ballet companies are now Frankensteins, hostage to their evening-long monster. Large or small, they produce what their public paymasters want. Literature, opera, can be gutted for theme, irrespective of the original, provided that the title is well-enough known. In the darkest days of Stalinism. Soviet ballet found a creative refuge in auch policies: today's imperatives are those of financial rather than artistic survival. And ballet is dying on its carefully-pointed feet because of this. Where the three-acters of Ashton, Cranko, MacMillan, extended and developed the idea of the largescale piece, today's offering are facile, safe, unthinking.

Scottish Ballet under the choreographic direction of its founder, Peter Darrell, produced work that sought to show the possibilities of the form; his Sun into Darkness

he albatross round the and Mary, Queen of Scots (with neck of our ballet a brave score by Thea Musgrave), were adventurous. The company's latest acquisition, Andre Prokovsky's Anna Karentno is predictable. Prokovsky has produced several long bal lets: his programme biography lists The Three Musketeers, Dr Zhivago, The Great Gatsby, La Traviata, Mocbeth and Victoria. Anno Korenino, dating from 1979, is what one might expect, given the score (a Tchaikovsky hot-pot), theme (parts of a Toistoyan akeleton), and designer (Peter Farmer at his most vaporous).

The action amounts to "unhappy married woman takes lover and chucks herself under train". The choreography does what it does, and has to provide ensembles - a akating scene; a ball replete with dancers failing to convince us they are aristos; peaaants romping - to give Anna and Vronsky time to change from one dull outfit to another. The rest of the cast tread dutifully

round the edges of the action. It is all well-meant and rather musty. I could aee, during Tuesday night's performance at the Kings Theatre, Edinburgh, that with the art-Istry of Galina Samsova (now director of the cempany), the role of Anna - which Samsova created - might be fascinating. Noriko Ohara'a Anna did not convince me, nor did Robert Hampton'a Vronsky. Vladislav Bubnov, a recent recruit from the Bolshoi Ballet, showed in a couple of brief interludes a freedom and spaciousness of style that were a reproach to every other body on stage.

Scottish Ballet performs Anna Liverpooi, Hnli, Sheffield, inverness, until end-October

Art Exhibitions / Lynn MacRitchie

Young pretenders see it their way



A scarlet leaflet, boldly titled "Works of Art" was not a list of the sculptures by Pablo Piccaso about which we had just been lectured by Dr John Golding, but a series of essays on the Art of Fragrance, the Art of Beauty and the Art of Colour, promoting the perfume and make up which Picasso's daughter Paloma has sold in her name. This very Nineties moment, the conjunction of great art and an utterly trivial commercial object, was one which many of the artists in "Wonderful Life", my next destination, would have relished, the little bag an appropriate talisman for a journey from one way of seeing to another. It is fitting that the Lisson show, which has run all summer, continues into October, giving an opportunity to consider this selection of younger

described as "conceptual" with L Picasso's sculptures to be held there in the spring, a gleaming black carrier bag was autumn schedules. Surely the dedication of Lucian Freud or of Agnes Martin must put these young upstarts to shame? While there is no denving

the power of a lifetime's labour, the moving evidence of the struggla to render form and meaning in paint, the Lisson show is also striking. For the younger generation clearly demonstrates, as well as a great inventiveness and variety of approach, a consciousness of a particular history. that of the international conceptual and minimal art movements of the 1960s and 1970s which this work both acknowledges and takes forward. Partly this is an effect of place: the Lisson has been the champion of such work for more than 20 years, an achievement summed up by "Out of Sight, Out of Mind" held earlier this year to coincide with "Gravity and Grace" the Hayward's own attempt to give a historical placing to the work of that era.

However, the young artists wear their history lightly. Their works are not pastiches or tributes but emerge from a consciousness which has

s I left London's Tate British artists working in a absorbed the lessons of prede-Gallery after preview-manner which could be cessors such as Carl Andre, Daniel Buren or Michael Craig Martin among many others, and imbued them with a contemporary sensibility, a sensi-bility which accepts the complexities of the modern, technologised world as a matter of course, absorbing both its most inspiring and its crassest aspects as equally valid food for thought.

The use of non-traditional media such as film, video or photography, so innovative 30 years ago, is second nature to them, while the sacred integrity of the image, so hard won by masters such as Picasso, also comes into question in an age of endless reproduction. These artists play comfortably with such concepts, their concern not so much the achievement of any kind of formal "solution" but rather the creation of a ahared awareness of just how deceiving, and how inspiring, this world can be.

Much of the work makes use of particular technical devices to deepen its meaning, in his "Instamatic Paintings", Magnus Hammick includes unfixed Polaroid prints which will eventually darken completely, the image destroying itself as the temporary notoriety of their references (Asil Nadir. Damien Hirst) also fades, leaving only the odd, rough cases in which they are presented to become relics of recent history. Sìobhan Hapaska, in "Heart", presants a wall-mounted minimal sculpture which is also a loudspeaker

broadcasting the strange babble of satellite communication channels. But the technical devices employed can also be very simple. Don Brown, in "12 Unpainted figures/Paris 1989" frames singly tiny individual figures from one photograph of a crowd, their blurry outlines emphasised by the pristine white mounts suggesting not only their anonymity but also their fragility. For, although happy to exploit technology, these artists do not celebrate its wonders, rather reuse them to turn the attention back on individual experience.

ome also demonstrate a rather touching concern with nature. Christopher Bucklow uses a pinhole camera to capture on photosensitive paper "The Beauty of the World", the effect of the sun's rays at different times of day determin-ing the colour of the print (a variation on a glorious pinkish mauve.) To make "Pear-Haw-thorn Tree" Bucklow worked with the late gardener Robert Garner, who grafted the hybrid

of the title, a conjuncture decided on for artistic rather than practical effect, the wonder lying in the skill as well as in the finished product, displayed in an earthenware pot.

The show also has a political dimension, in the work of Christine Borland, for example, but the politics are presented not as heavy atatements of dogma or intent but rather as investigations of consequences. Borland has had a 22 Beretta semi automatic rifle fired at a sheet of glass, the resulting shattering beautiful in itself but demonstrating very clearly just what would happen to flesh in such an encounter. Her "Blanket used on police firing range, Berlin: repaired" while clearly showing the bullet holes in the mundane brown fabric also shows how wounds can be mended, with care.

This insistence on looking that we should see not only what might be there, but what it might mean - is the most refreshing and challenging aspect of this show. It makes the work of those participants who demonstrate it (and not all are working with quite this subtlety or quality) well worth watching.

"Wonderful Life". Lisson Gallery, 52-54 Bell Street, London NW1, until October 16.



EXHIBITIONS GUIDE

AMSTERDAM Van Gogh Museum Philippe Rousseau and Louis Welden Hawkins: neither Rousseau'e still-lifes nor Hawkins' symbolist and decorative paintings are the work of a master, but they recall the striking role these 19th century French artists played in their own milieu. Ends Nov 14. Daily Rijksmuseum Rembrandt in a new light seven restored paintings. Ends Nov 1. Closed Mon

ANTWERP Ethnographic Museum Masks from Zaire: an extensive collection from the Zaire basin, selected for their cultural as well as aesthetic value. Ends Dec 31. Closed Mon Museum Mayer Van den Bergh The Triumph of Death (1626): a recently-discovered painting by Pieter Brueghel the Younger, on public show for the first time. Ends

Dec 31. Closed Mon Hessen House Story of a Metropolis: a portrait of the Golden Age of Antwerp in the 16th and 17th centuries. Ends Oct 10. Onze Lieve Vrouwekathedral Antwerp altar pieces of the 15th and 16th centuries. Ends Oct 3. Kunstmuseum Picasso: drawinga

covering all periods of the artist's work, selected from the museum's collection and supplemented by loans from the Schaub-Tschudin Foundation. Ends Oct 10. Daily Museum für Gegenwartskunst Rémy Zaugg (b1943): 150 large screenprints. Ends Sep 26. Closed

BERLIN Martin-Gropius-Bau Japan and Europe 1543-1929, Ends Dec 12. Closed Mon BONN Kunst-und Ausstellungshalle The

Desire to See: 500 paintings, projections and installations from 12 countries. Ends Oct 10. Alexander Calder: 12 sculptures. Ends Sep 30. Closed Mon Kunstmuseum Markus Lüpertz (b1941): 170 paintings and drawings. Ends Sep 26. Closed Mon

FRANKFURT Städet Gustave Le Gray and Carleton Watkins, Pioneers of Landscape Photography: a collection of large mid-19th century photographs of French and American landscapes, from the Getty Museum. Ends Nov 7. Closed Mon HAMBURG Deichtorhallen Andy Warhol: 120

paintings and objects. Ends Sep 19 Ettore Sottsass (b1917): furniture, glass and ceramics by the influential Italian architect and designer. Ends Oct 24. Closed Mon Royal Academy of Arts American

Art in the 20th century: highlights tha development of American painting and sculpture from the time of the Armory Show in 1913 to the present. Artists include Marsden Hartley, Georgia O'Keeffe, Marcel Duchamp, Edward Hopper, Arshile Gorky, Jackson Pollock, Jasper Johns, Andy Warhol, Robert Ryman and Bruce Nauman. Ends Dec 12. Pissarro'a Series Paintings. Ends Oct 10. Daily Whitechapel Art Gallery Lucien

Freud, Ends Nov 21, Closed Mon Institute of Contemporary Arts Jean Nouvel. Ends Oct 25. Daily Hayward Gallery Aratjara: the most comprehensive exhibition of Aboriginal art seen in Europe. Ends Oct 10. Daily Tate Gallery Edward Burne-Jones. Ends Nov 7. Daily National Gallery The Wilton

MANNHEIM Reiss-Museum The World of the Maya: 300 examples of early indian art from central America before the Spanish conquest. Ends Jan 16. Closed Mon MUNICH

Olptych. Ends Dec 12. Daily

Kunsthalle der Hypo-Kulturstiftung Dada: 150 paintings, drawings and collages by Marcel Duchamp, Man Ray, Max Ernst, Ribemont-Dessalgne and leading German exponents. Ends Nov 7. Daily Villa Stuck Max Beckmann: 190 prints, woodcuts and lithographs.

Ends Nov 14. Donald Judd (b1928): furniture designed by the American sculptor. Ends Oct 3. Closed Mon Alte Pinakothek Homage to Caspar Wolf: retrospective of the late 18th century Swiss landscape artist. Ends Oct 24. Closed Mon Haus der Kunst Horst Antes: 90 works by the 56-year old German painter. Ends Oct 10. Lenbachhaus Auguste Chabaud (1882-1955): retrospective of a neglected French contemporary of Picasso. Enda Oct 24. Idealis and Nature: 100 watercolours by Munich artists 1780-1850. Ends Oct 3. Closed Mon

NEW YORK Metropolitan Museum of Art The Annenberg Collection: 53 impressionist and post-impressionist paintings. watercolours and drawings, surrounded by the museum's own world-renowned collection of 19th century European paintings. Works by Boudin, Braque, Cézanne, Gauguin, Manet, Matisse, Monet, Picasso, Renoir, Seurat, Van Gogh and others from the Annenberg collection, flanked by a room

devoted to Renoir and Fantin-Latour, two devoted to Monet, another to Cézanne, a fifth to Van Gogh, Gauguin and Seurat. and a sixth to Pissarro and Sislev The exhibition opens on Tues. The Annenberg Collection is on display tiil mid-Dec. Closed Mon

Guggenheim Museum Paul Klee: 60 works. Ends Oct 31. The main museum is closed on Thurs, the Solio site on Tues Museum of Modern Art Marco Zanuso and Richard Sapper, 20 objects by the Milan-based

الرجون والأرابط والمرازي والمناز والمناف والمتعالم والمعار والمعار والمستعرب والمتعارب والمتعارب

industrial and architectural design team. Ends Nov 9. Gabriel Orozco: first US one-man exhibition by tha Mexican sculptor and photographer. Ends Oct 18. Closed

Whitney Museum of American Art Hopper in Paris. Ends Oct 3. American Art in Transition 1955-62. Ends Oct 10. Vija Celmins (b1938): 70 paintings, sculptures, prints and drawings by the Latvian-born artist, best known for her paintings of household objects, war-related images and abstract landscapes. **PARIS**

Musee d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. An extraordinary exhibition of 80 impressionist and

post-impressionist paintings, with Renoir, Cézanne and Matisse as its stars. Cézanne'a larga group of card players is accompanied by the Orsay's much smaller painting of just two players. Among the Renoir nudes, a composition of the artist's family stands out by the osychological truth with which he portrays each member of the group. Confronted by the Orsay's pointillist Calme Luxe et Volupté, Matisse's Bonheur de vivre is an outburst of spontaneity and colour ushering in the fauve period. Also represented are Monet, Van Gogh, Gauguin, Toulouse Lautrec and Seurat. The exhibition ends with a luminously graceful young girl from Picasso's rose period, and a 1905 painting of acrobat and harlequin facing the world with the firm self-confidence of youth. Ends Jan 2. Closed Mon, late

Petit Palais Masterworks from Leipzig: 65 oils and 104 drawings from Leipzig's public art collection. comprising works of the German renaissance, 17th century Dutch paintings, 16th and 17th century Italian drawings and the German

5. Closed Mon Museé de l'Orangerie Art in Paris at Paul Guillaume's: an exhibition devoted to the collection of modern and African art left to the museum by one of the prominent dealers of the 1920s. Ends Jan 3. Closed PRAGUE

Convent of St Agnes of Bohemia 20th century German and Austrian Architecture in Moravia and Silesia. Ends Oct 17. Closed Mon (U Milosrdnych 17, Stare Med Wallenstein Riding School Art For all the Senses: 200 works of interwar avant-garde art In Czechoslovakia. Ends Sep 26. Closed Mon Kinsky Palace Max Ernst: 300

prints and book illustrations. Ends Oct 3. Closed Mon VALLE D'AOSTA Saint-Benin Centre Archaeological Museum Gauguin

and painter-friends in Brittany: the exhibition aims to show why the Brittany of Pont-Aven and Le Pouldu was a chosen land for Gauguin and fellow-artists Emile Bernard and Paul Serusier. Ends Nov 7 VENICE

Palazzo Grassi Modigliani: a collection of 430 drawings by the greatest Italian painter of the 20th century. Ends Jan 4. Daily Fondazione Cini Francesco Guardi: 50 works by the 18th century

veduta painter, whose free handling and atmospheric effects stand in marked contrast to tha meticulous Venetian views of Canaletto. Ends Nov 21. Closed Mon VIENNA

Albertina Landscape in the Century of Rembrandt: a survey of 17th century landscape drawings by Rembrandt and other Dutch artists of the period, from the museum's own renowned collection. Ends Nov 14. Daily Kunsthalle The Language of Art:

a survey of the relationship between text and picture in 20th century art, from the Cubists to the present day, Enda Oct 17. Closed Tues Kunsthistorisches Museum Cultural materials of the Jewish diaspora in Ukraine. Ends Nov 7. Closed Mon WASHINGTON

National Gallery of Art Lovis Corinth: 74 prints and drawings by the turn-of-the-century German realist painter. Ends Feb 21. Daily Walters Art Gallery Kabuki Prints by Hirosada: designa by the 19th century Japanese printmaker. Ends Sep 26. Artists of Ecquen. Ends Feb 6. Closed Mon ZURICH

Kunsthaus Bernard Frize: 30 large paintings by one of France's leading abstract artists. Ends Oct 17. North American indians: paintings, drawings and photographs from the late 19th and early 20th century. Ends Nov 14. Closed Mon Graphische Sammlung der ETH

Swiss Graphic Art from Alberto Giacometti to Urs Lüthl: an exhibition covering the past 50 years, with work by eleven artists. Ends Sep 24. Closed Sat and Sun

early 150 academics and executives have gathered in Norway this week to discuss developments in a subject which, in spite of the recession, is growing fast:husiness

As a discipline, ethics has taken root in universities and husiness schools across the US. the UK and elsewhere. This month, Jack Mahoney, a Jesuit priest, takes up his post as pro-fessor of husiness ethics and corporate responsibility at the London Business School. Leeds university and Manchester Business School have made similar appointments in tha past two years. Other edncational centres in the UK, such as the Cranfield Institute of Technology, have followed the lead of US husiness schools and started courses in husiness

The subject is not hanished to the academic world. Managers and consultants almost match the number of academics at the Norway conference. Prof Mahoney's chair is funded hy a £1m bequest given by Mr Stanley Kalms, chairman of Dixons, the high street electrical goods retailer, from the group's charitable trust.

Almost one-third of large UK companies and four-fifths of their US counterparts now have codes of ethics. Most set guiding principles for the organisatioo, as well as covering specific areas such as buying policies, safety and environmental responsibilities.

For example, National Westminster Bank's code of conduct, published in April. sets out the proper behaviour for its 90.000 staff in cases where interests conflict and on accepting entertainment from

Mr John Drummond, director of Integrity Works, a London-based ethics consultancy, says one reason for companies to adopt ethics codes is to avoid corporate embarrassments. He says British Airways introduced a code of conduct after the bad publicity created by its "dirty tricks" campaign against its competi-

tor Virgin But he stresses that there are also positive reasons for companies to adopt codes particularly the perception that good ethics are good busioess. Based on experieoce he gained at NatWest, he argues staff actually want to discuss how they should conduct business. "People want to talk about ethical issues," he says.

Dixon's Mr Kalms explained his interest in husiness ethics personal philosophical

one and a half hours.

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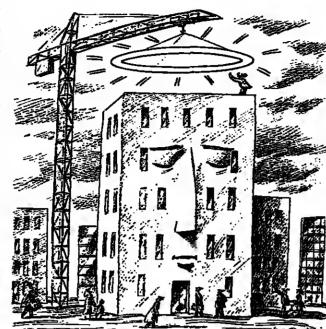
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What price a corporate halo

Andrew Jack and Hugo Dixon on the spread of business ethics



terms. "Behind the hluff exterior of the practitioners of the art of business are often citizens with doubts, moral uncertainties, even spiritual black

holes," he said recently. Lord Laing, who as chairman of United Biscuits was one of the first industrialists to introduce a code of ethics into a British company, says: "On the whole, husiness has a bad image. Anything we can do to improve it we should."

But the justification Lord Laing offers can only fuel the suspicion that ethics codes are more about marketing a company than altruistic or philosophical considerations. An example of the value of ethics as a marketing tool is the 12point code launched by the Co-Operative Bank last year which stated that the bank would no longer lend to husinesses or organisations involved in activities such as blood sports or eovironmental destruction. Whatever the bank's wider motives, Mr Terry Thomas, managing director, has speot considerable sums using the code as a way of attracting new business. The

value of customer deposits at

the bank was 9 per cent higher

in the six months to July this year than the corresponding period in 1992.

Though the example of the Co-Operative Bank re-inforces claims that ethics codes help hoost earnings, there is a counter argument that they divert attention from what some would regard as the principle task of a company - serving the interests of shareholders. Mr Ian Smedley, a member of the Institute of Directors, cites from Adam Smith's The Wealth of Nations to argue that profit making should take priority and may be incompati-ble with the kind of business ethics being advocated by academics: "It is not from the benevoleoce of the butcher, hrewer or baker that we expect our dinner, but from their regard to their own self-inter-est." Norman Barry, professor of political philosopher at Buckingham University, says: "A lot of business ethics is posturing." He sees ethics as a diversion that threatens to turn companies into "welfare agencies", blunting their competitiveness.

In defence of the explicit setting of ethical standards, Prof Mahooey, of the Londoo Busi-

ness School, admits that, "one out of husiness," hut he says the subject cannot he dis-missed easily. "The cooduct of husiness is a major part of human activity, so one would need a good reason to think ethics does not apply.'

Mr Stanley Kiaer, of the Institute of Business Ethics in London, says there is a strong element of self-interest to embracing husiness ethics. "If you want good treatment from your suppliers, employees and customers, you have got to show that you will do well hy them," he says. "If you don't have contented employees, sooner or later you will have

One difficulty critics find in taking husiness ethics seriously is that its theoretical roots are still rudimentary. While ethics has long been taught in philosophy and theology departments, thinking on its more practical applications is less developed.

There is also a more practi-cal problem: the difficulty of evaluating how effective codes of ethics have been in practice. For instance, General Dynamics, the US conglomerate, introduced a code in 1985 which it has distributed to its employees and covers topics such as receiving gifts from outsiders. Between 1985 and 1991 the

code and a related staff communication programme generated nearly 30,000 inquiries from staff, provoking 1,419 sanctions such as reprimands and demotions. Some 165 employees have been sacked. But Mr Kent Druyvesteyn, vice-president for business ethics and equal employment opportunities, stresses that any attempt to quantify the economic gains derived from the

company's code would be "so difficult that it would be nonsensical". He rejects the notion that there is any simple conoection hetween General Dynamics' stance oo business ethics and profitability, and he says the code does oot attempt to instil basic moral values.

"We're not in the business of replacing missing virtues in our employees, but we owe it to them to tell them about slippery spots inhereot in the busioess process," he says. "In a society with a web of rules and regulations, that makes good practical sense." Detractors of ethics as a subject worth taking seriously in a corporate environment will probably need more convincing, but Geoeral Dynamics' pragmatism seems to be shared in a growing oumber of companies.

Joe Rogaly

Opportunists in waiting



the scavengers of British politics. These are not my words; I take the observation from Mr Jack Straw, a Labour front-

bencher. The Lib-Dems, says he, are politically promiscuous. "They form casnal relation-ships of convenience with whatever party offers them the prospect of power," he writes in Renewal, a quarterly journal of Labour politics.

Mr Paddy Ashdown, scavenger-in-chief, must be delighted. He would not use Mr Straw's imagery, but he would have to agree, possibly with pleasure, that the insight is perfectly accurate. Since the April 1992 election, Mr Ashdown's strategy has been to advertise his party's moral superiority, while waiting to see which way history would take him. So far the answer is: further than anyone might have imagined in 1989, when the reincarnated soul of the old Liberal-SDP Alliance was struggling for

survival in a new body. How long ago that now seems. First Sir Norman Fowler, chairman of the Conservative party, identifies the Liberal Democrats as the principal threat to perpetual Tory rule, and sends the prime minister scurrying around the country to stop the rot. Then along comes a senior Labour politician to argue, as does Mr Straw in his Renewal article, that in many of the Labour heartlands, the Midlands apart, the Lib-Dems have replaced the Tories as Lahour's main opponents.

It would be neat, would it not, if during the 1990s the everlasting third force in British politics cleft the Conservative party in two, destroying it as the Alliance did Labour in the 1980s. Perhaps this is the ern League in Italy.

Liberal kind of fancy that leads Mr Democrats are Straw to reject pacts or co-operation with the prince of scavengers. The fools who advise Labour that "one more heave" is all that is required for Mr John Smith to become prime minister in a government commanding a socialist majority will be heartened by

There is another view, often rehearsed in centrists' dreams: that the Liberal Democrats will become the alternative party of government by the end of the century, as were the Liberals at the beginning. When this thought-hubble rose above Alliance leaders' heads in the mid-1980s it was based on the likely

demise Labour, today it Since their fourth is the Tories who seem to be crumbling. We may hear some heady talk of the Liberal Democrats becoming the ment during their annual conference in

Torquay next week, although Mr Ashdown has warned his followers, who are flushed with local and hy-election success, not to crow.

The truth is that most people are more fed np with traditional politicians, and the two main parties, than they have been for many years. The new right has outplayed its hand; the old left has become an anachronism. The market for Ashdowns is wide open. Any leader who is untainted hy office, or the prospect of an immediate ascent to power, is in a position to attract attention, as is any interestinglooking new non-socialist party. This is not a uniquely British phenomenon, as we can see from the rise of Mr Ross Perot in the US and the North-

Mr Ashdown has particular advantages in riding this historic wave. The Labour party is beginning to look unmoder-nisable, at least to the degree sufficient to make it palatable to the southern voters it must win over if it is to form a government on its own. The Conservatives are led by the least popular prime minister on record. Since their fourth general election victory last April, they have governed only in the sense that the Mark Brothers

once ran an opera house. Mr John Smith is uninspiring. Mr John Major is cursed by a worse affliction. He is unlucky. His latest torture is to endure the wrath of Mr Norman Lamont,

the man who

less than three

years ago ran

his campaign

for leadership

of the party.

chancellor does

not enhance his

his persistent

efforts to justify

his past. He

election victory, the Conservatives have governed The former only in the sense that the Marx party of govern- Brothers once ran own dignity by an opera house

> should let future historians do that. They may be kinder to his tenure of the Treasury than are most contemporary commentators. He missed his chance for glory a year ago, when he allowed himself to be persuaded not to resign following the departure of Britain from the exchange rate mechanism of the European monetary system. He should have

Major's humiliation to have such a man for an enemy. From the Liberal Democrats' point of view, nothing could be sweeter. The message the public is being given about the Conservatives is that they are not only incompetent, they are tearing one another's eyes out. Every new snippet of political or economic news is analysed for its likely effect on Mr

insisted on resigning. It is Mr

Major's future. The betting is turning against his survival in office until the next election. I am not sure how far the Tories have thought this one through Throw out a leader every few years and a party may get a name for inconstancy.

You may protest that none of this is serious. What matters is policy, not personalities. We shall hear a little about political programmes and values during the next three weeks, as first the Liberal Democrats, then Labour, and finally the Conservatives meet in conference. The British polity being what it is, however, we shall hear far more about personalities. Will Mr Smith defeat the unions? Will Mr Lamont toppie Mr Major?

The policy divide is between the anarchists of the new right whose thought still predominates among Tories and the conservatives in the other two parties. The latter want the reestablishment of a structured society governed by familiar institutions, including local authorities, and new regional parliaments. They regard indi-viduals as citizens, not mere consumers. They are greener and more pro-European than the Conservatives. Labour is encumbered by a persistent dependence on trade union links and a nostalgic hankering after equality of outcomes. The Liberal Democrats favour competition, intervention only where markets fail, and equality of opportunity.

in short, Mr Ashdown's philosophy is what Labour's could be if the party was genuinely modernised. He even has the great merit, regarded with a jealous sigh by some Labour frontbenchers, of leading a party untainted by the word "Labour" in its name. This may not be eoough. When the Tories are really up against it, we shall learn the true meaning of the phrase "political

THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Pay is top priority for union members

Organisation at root of stress

From Mr Allan Kerr.

on the future of trade unionism ("On the lookout for the vision thing", September 6) cites a study I carried out for Nupe in 1989 (not 1992 as stated). But the conclusions that he draws, namely that among low-paid public sector workers, advice on disciplinary and grievance issues comes ahead of collective bargaining as the reason for joining a union, is almost certainly no longer valid.

Four years ago national pay bargaining was dominant, and did not directly impinge on the workplace. But government

Sir, While Lucy Kellaway

notes that Silvea Thomas

"finds stress everywhere", it is

unfortunate that she promotes

such a superficial remedy for

workplace stress (Management

"Give yourself a pat on the

Stress at work is mainly

caused by employers failing to

identify clearly what employ-

ees' tasks are; give the training

and support to do those tasks:

offer any system to resolve dif-

ficulties as they arise; and pro-

vide a reasonable work envi-

So if 5,000, 10,000 or 15,000

workers are sacked (sorry,

"made redundant"), I hardly

think that "stroking their hair

or inhaling deeply" is going to

From Mr Nigel Bryson.

head", September 8).

From Mr Allon Kerr.

Sir, David Goodhart's article in the future of trade union
trusts and local management of schools, mean that pay negotiations are increasingly a local matter. Consequently, pay bargaining is now likely to be accorded top priority by union members. Finally, and most importantly, it is essential to recognise that individual advice and representation is a key benefit of trade union collective organisation. Allan Kerr,

policy and research directorate Unison, Civic House

20 Grand Depot Road, London SE18 6SF

be of much help to them or to

those remaining - who, after

all, are left to pick up the work

While there are measures

that can help individuals, it is

much more effective to deal

with stress organisationally.

At least the law in the UK

recognises stress as an issue of

health at work. Since January

this year, employers must

undertake a risk assessment of

all health and safety hazards.

Why wasn't this even men-

director, health and environ-

This includes stress.

Nigel Bryson

GMB Union,

22-24 Worple Road,

London SW19 4DD

of those made redundant.

Directors' pay increasing as profits fall and debt rises to pay dividends From Mr J Dennis Henry. Sir, Your article on directors' When senior directors received

earnings only touched on the surface of this problem ("Directors' pay shoots ahead". September 9). A larger study of the 529 companies from the FT-SE 500 which have year-ends from

September 1992 through to May 1993, with a total turnover of £511hn, shows that the highest paid directors averaged increases of 10.4 per cent. The second and third highest paid directors achieved increases of

9.3 per cent.

While their companies increased turnover by 6.7 per cent, the profit before tax fell hy 13.9 per cent with margins slipping 1.3 per cent overall. Ordinary shareholders' profit fell by 19.5 per cent hut dividends rose by 7.7 per cent. This left the retained profit needed to finance the growth of the husinesses down 32.7 per cent. The result was that many had to borrow more money to

finance their dividends. The average highest paid director received 10.4 per cent more while profits fell by almost 14 per cent. Yat this glosses over the many cases where much higher increases were paid for aven poorer results. There are too many to list here in total and to identify only a few would be unfair. Overall, the profit per pound of directors' emoluments has fallen by one-third in one year.

The time is now here when rewards, at all levels, should be more closely tied to changes rises of about 10 per cent, the total wage hill rose by 2.3 per cent, the actual change in added value created by these 529 companies fell by 4.2 per cent and it was from this depleted added value that the 7.7 per cent increase in dividends was paid. No wonder the retained profits fell and bor-

rowings increased.

If the institutions used their influence on boards to link remuneration more closely to wealth created it would ensure that everyone's eyes were on the same ball. Were each of the above companies then able to improve by only 1 per cent in key areas, other than by raising retail prices, they would increase their added value by 6.9 per cent and their profit before tax by 30 per cent. This would raise the added value-topay ratio from its present 1.66 to where it was only two years ago, at 1.78. The margin would increase from its present 6.82 per cent to 8.9 per cent; this compares with 9.09 per cent only two years ago. Such improvements would, in themselves, not justify increases as they would only be taking us hack to where we were two years ago.

Substantial increases should only follow large real gains. J Dennis Henry,

V I Consultants. 11 Clydebrae Drive. Bothmell Glasgow G71 8SB

Total cost of caesarean births in UK is unnecessarily high From Miss Rarbara Heuson. practices, in obstructing wom-

Sir. Three cheers for Joe Rogaly ("Birth rights and wrongs", September 14). The costs to the taxpayer of unnec , September 14). The essary caesareans is huge. In 1989, a caesarean cost £1,123, compared with £363 for a nor-mal delivery (House of Commons Health Committee, Maternity Services, vol 3).

Leading research shows little

improvement in outcoma with

caesarean rate over 7 per

cent (Eukin Keirse & Chamhers, A Guide to Effective Care in Pregnancy and Childbirth).

As some 650,000 women give birth in the UK each year, my goess is that a national caesaran rate of 13 per cent in 1992 may have increased public expenditure by some £30m. Judging hy the evidence

heard by the health committee, the medical profession engages in serious anti-compatitiva

en's access to midwives. GPs rarely inform women of their right to a home birth with a midwife, referring them straight to hospital and an ohstetrician. Some obstetricians threatened women want-ing home hirths with detention under the Mental Health Act unless they agreed to a hospital birth. Others told women that they "needed" caesareans

and had to go into hospital.

There, the need for surgery vanished: they delivered no

The Royal College of Obste-tricians gave evidence that its practice was to withhold information on risks of hospital hirths (though not of home births!) from women. Miss Barbara Hewson, barrister,

4 Raymond Buildings. Gray's Inn, London WCIR 5BP

Security of Israel dependent upon a successful Palestine

Prom S Goldman. Sir, Andrew Gowers is to be congratulated for his. well informed Middle East feature, Fragile hopes light the horizon" (September 8). He shows great insight into Israeli-Palestinian affairs and his article is

I would just like him to reflect upon his contention that the Palestinian issue is "at the heart of the Arab-Israeli conflict", because although it

very well balanced.

has provided a useful rallying call for Israel's warring neighbours, I doubt the Arab nations have every really wanted a separate Palestinian state.

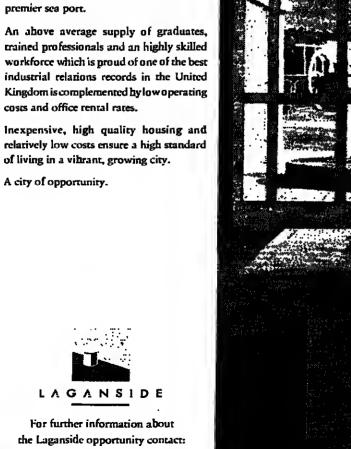
Mr Gowers may agree with me that the heart of the Arab-Israeli conflict lies in the very concept of a Jewish state existing in the midst of Islam and that sore will never go away, even if Israel were to retire completely to its recognised

There will never be a day duction and distribution. when Israel can relax its security vigil, nor can I visualise a time when the dictatorial Arab states will not fight among

Unemployment and poverty in a Palestinian state is Israel's greatest danger and I can only hope that any international funding will be used wisely oot to build huge industrial estates without the proper infrastructures to support pro-

My fear is that the goods produced will not reach the standards demanded by the western world and my hope is that Israel will be permitted to provide its expertise to promote Palestine's industrial future.

A successful Palestine will be Israel's greatest safeguard. S Goldman, 81 Stonesgate Road, Leeds LS6 4HZ





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t the moment last year

when European Commu-

nity agriculture minis-

do, you don't look up."

endorsement went through. But the current French threat to veto Blair

Honse - the EC-US farm trade accord reached last November in

Washingtoo and made possible by

the CAP reform - is another matter. As Mr Jean Puech, the French

ogriculture minister, reminded

France's EC partners on Wednes-

day, the farm trade imbroglio could

lead to a full-blooded crisis in an

already divided Community. The

EC and its international trading

partners need no reminding that Blair House is the foundation for

hopes of building a successful world

trade accord under the Uruguay Round of the General Agreement on Tariffs and Trade by the mid-De-cember deadline. If Blair House

crumbles, it would almost certainly bring the whole edifice of the Round down with it.

On Monday, therefore, foreign and agriculture ministers of the 12

meet in Brussels, in what will be a

lengthy attempt to find out, first, what the French want, and second,

to decide which demand can feasi-

bly be pursued with the Americans.

A majority of the member states, as

well as the European Commission

which negotiates trade deals on

their behalf, rule out any reopening

of Blair House. Washington already

feels the EC got the better of the

compromise, its negotiators have

But the centre-right government of Mr Edouard Balladur made an

electoral pledge earlier this year to

veto Blair House if it was not rene-

gotiated. This commitment went

rashly beyond the previous Socialist

administration's refusal to sanction

the farm deal, until it saw what was

on the other side of the Gatt ledger

- such as openings in services and

enhanced market access for manu-factures, areas in which France is

respectively the second- and fourth-

In essence, France opposes the

accord's requirement to cut the vol-

ume of subsidised food exports by

21 per cent over six years, maintaining this will demand sacrifices of

EC farmers beyond the severe price

and production cuts agreed under

CAP reform. The Blair House cuts,

Parls Insists, would destroy

France's vocation exportatrice as the

second-largest agricultural exporter

largest world exporter.

made clear.

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FINANCIAL TIMES

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Friday September 17 1993

The reform of healthcare

when 40 of the world's largest pharmaceutical companies combine to advocate the reform of successes. And experienced health healthcare services, the first reaction of health policymakers will be to count the spoons. Many countries have curbed spending on prescription drugs as part of mea-sures to halt the growth in health budgets. So it is not hard to detect self-interest in the pharmaceutical companies' new-found concern for health economics.

Yet the study published this week by Pharmaceutical Partners for Better Healthcare, the industry's new pressure group for health reform, offers sensible proposals to deal with a policy challenge that cannot be ducked. While some countries have succeeded in halting the growth in the share of GDP consumed by health, most face a sizeable gap between demand for healthcare and funding. The ageing of populations and new and more expensive types of treatment maintain an upwards pressure.

All too often, national healthcare reforms are undertaken in isolation. The Organisation for Economic Co-operation and Development has done much to collect data on health costs and spending, and to analyse trends. But as an intergovernmental organisation, it finds it hard to advocate solutions unpalatable to member countries. The pharmaceutical companies claim with justification that they have a "unique global perspective" in what has so far been an intensely local debate.

Cost-consciousness

That perspective has led them to construct a blueprint for healthcare reform that seeks to create more competition in the funding and provision of health services to increase efficiency. It also provides incentives to encourage costconsciousness among insurers and consumers. And it suggests a mechanism for funding a basic package of health services for all without rationing by price or

Parts of the model are utopian not least the idea of an omniscient risk adjustment fund that would be able to help competing insurers provide the basic package of services to all comers whatever their state of health. It is also difficult to define that basic insurance successes. And experienced health professionals may be unconvinced by the study's view that there is no need for regulation of the pharmaceutical industry in a competitive health system.

However, important elements of the model can be recognised in several countries' bealth reform programmes. A recent OECD study found that several European countries were converging in their health reforms in ways close to the proposed model. This suggests that the model is both workable and a target that countries could adopt in long-term structural reform strategies.

Shied away

Equally, the model provides a benchmark to evaluate reforms in progress in countries such as the UK, Germany and the Netherlands, and those to be launched next week in the US by President Bill Clinton. Many European countries have shied away from the model's idea of asking patients to contribute to their treatment. While the revenue raised can be modest, such payments encourage consumers to adopt more healthy forms of behaviour and discourage them from wasting health resources.

The UK health reforms have introduced greater competition between hospitals, family doctors and other bealth providers. But the only competition between the bodies that fund healthcare is on the margins, through the minority of family doctors who control their patients' health budgets. With the overall budget tight, a winter of hospital closures and lengthening queues for treatment is inevitable in the absence of alternative sources of

As for President Clinton's package, it seems to achieve at least one important element in the industry's model with its promise of a universal healthcare scheme. However, it should also be judged by the extent to which it alters the incentives for doctors to overtreat, hospitals to over-invest and patients to demand ever more expensive services. So long as insurance is largely funded by employers, consumers will not have sufficient incentive to argue

Curbing Europe's steel aid

THE EUROPEAN Community's private steel companies are get-ting nervous. They fear that the Commission may be preparing to support billions of Ecus in government aid to their state-owned rivals in exchange for only minimal steps to reduce tha overcapacity which is bringing the industry to its knees. In the past week, the mostly private German steel industry has accused the Commission of going soft, while privatised British Steel has threat-ened to boycott EC-wide restructuring plans unless a tougher line is adopted.

The private steel groups' con-cern is understandable. Ideally, there would be a total ban on state subsidies. This is not merely because handouts are a waste of public funds. State aid also allows inefficiant public companies to compete unfairly against private manufacturers. Private companies may well ask what is the point of a single market if state groups are allowed to engage in sucb bla-

tantly unfair trading.
Unfortunately, a total ban on aid is impossible. The bulk of the aid - to Italy's Ilva, Spain's CSI and Germany's Ekostahl - has already been sunk and cannot be clawed back. Moreover, it is unrealistic to expect the Italian or Spanish govarnments to close down their entire steel industries. The best that can be hoped for is that state groups will make the bulk of the capacity cuts that are needed to bring the market into balance and that the industry will be run on subsidy-free lines in

Difficult hand

Equally, private companies cannot really afford to boycott restructuring plans. The industry is haemorrhaging to the time of Ecu4bn a year. The longer capacity cuts are delayed, the worse the position and the greater the likelihood of more private-sector bankruptcies. The only way forward is to rely on the Commission. The Commission in turn has a difficult hand to play, since it needs unanimous approval from the council of ministers for its decisions. The main fear is that the Commission will take an excessively soft line in order to close the dossier.

how well the Commission is itself must be tough.

playing its difficult hand. Until Mr Karel Van Miert, the competition commissioner, puts forward firm proposals on the three big state aid cases, it will be impossible to give a definite answer. But at present, the signs are reasonably hopeful.

The main positive sign is that the Commission's hitherto strong line has forced all three states, in varying degrees, to embrace priva-tisation. Italy plans full privatisation, Spain has pledged that a new mill in the Basque region will be financed mainly by private capital, while the Treuhand, Ger-many's privatisation agency, has promised that private funds will be found for new investment in Ekostahl. The emphasis on private capital provides the best guarantee for a subsidy-free future.

Clearly inadequate

But there are still two concerns. First, will the state-owned steelmakers make sufficient capacity cuts to stop the need for future subsidies? Italy's proposal to focus its main cuts on a plant that has not been operating for two years is clearly inadequate, while Spain's plan to delay closures for two years is also suspect. It would be unacceptable if losses were allowed to continue for anything more than a short period after an overall restructuring plan was

Second, is the current emphasis on private capital genuine? Given the industry's overcapacity, it is unclear why rational privete investors would want to build new capacity in Spain and Germany or even buy an existing debt-laden group such as Ilva. The natural fear is that governments will find backdoor ways to sweeten invest-

ment by private capitalists. The council of ministers meets next week to debate these issues. Sensibly, the Commission has resisted the temptation to put forward formal proposals. Although this means that a deal will be delayed at least until November. thet is better than rushing into an

unsatisfactory one. Nevertheless next week's meeting will be important. Pro-competition governments must insist that future handouts are stopped and not disguised under the cloak The main practical question is of privatisation. The Commission The whole Gatt edifice could be blown down if France vetoes the farm trade accord, says David Gardner

ters came to vote on the They'll huff and they'll puff... long-awaited overhaul of the Common Agricultural Policy, Mr Ray MacSharry, the former EC farm commissioner, gave the Portu-guese chairman then in charge of the Council of Ministers precise instructions on how to face down a threatened Italian veto. "You go in; you ring the bell, and whatever you Italy was not convinced enough of its case to make a fuss as the





René Steichen, EC agriculture commissioner; right, French farmers demonstrating against the EC-US farm accord

after the US, and turn swathes of rural France into a wasteland. isolsted at first, Paris has pressured its partners into recognising it has a genuine political problem with its farmers, even if it is partly one of its own making. The French breakthrough came three weeks ago when Chancellor Helmut Kohl of Germany, presumably fearful of losing a Gatt deal, sundering the traditional Franco-German sxis, and sparking an EC crisis, offered France political cover hy announc-

ing that Germany too "had prob-lems" with Blair House. But since then, the EC side (including France), has tended to talk of "refining", "clarifying". "amplifying" and "interpreting" Blair House, rather than reopening it. The US for the most part has beeo eloquently silent. Amid the flurry of meetings, in Washington and across Europe, hopes are thus rising that it will be possible to accommodate France, "I don't think there's that much room for manoeu-vre, bot there is some," Mr René Steichen, EC agriculture commissloner, said yesterday, warning, however, that "there will be a cost to pay for concessions in agricul-

Part of the problem is disentangl- ducers in the world, and free to

ing from the amorphous list of France's demands what are its strategic priorities and what is political window-dressing. "In our experi-ence, you have to distinguish hetween the bettle cries and the strategic aims," says a senior Ger-man official. "They are oot unrealistic people," he adds, "they know what is at stake."

France's strategic interest in agri-

France's strategic interest is to get its and EC farm prices down to world market prices

culture is to get its and EC farm prices down to world market prices, impossible in the past because they were pegged to low levels of German productivity. This aim should be achieved by 1997, by wheo the CAP reform price and production cuts Paris initially opposed will have taken bold. Its underlying priority is to ensure this scenario is fulfilled with no additional pain for its farmers. For if it is, France will be one of the most competitive pro-

export as much as it can without Blair House curbs. That is because at world price levels, export subsidies are redundant. France's shopping list reflects

• Freedom to shift the bulk of the

21 per cent volume cuts to the end

this aim. It includes:

of the six-year period, by when, if all goes well, they will not be required. "I would say that is a contender," Mr Steichen says. The Uruguay Round "final act" spreads the cuts evenly over the six years, but that is a document still on the Gatt negotiating table; Blair House is vague on the matter.

 No export volume limits on food aid, current EC food stockpiles or value-added food products. Blair House places no restrictions on food aid, as Paris must well know. On stocks, a deal may be possible. But in any case, assuming a Catt deal would not start until 1995, the production restraints in the CAP reform would by then have reduced the exportable food surplus well under the Blair House limits on subsidised exports. Grain stocks, now building up at half the rate of this time last year because of CAP reform, would be needed to fill the gap. Commission officials deem the added-value food products demand

"impossible", but point out that Blair House only covers "primary processed products" like flour and

· "Aggregation", meaning cuts applied to whole sectors rather than individual products, allowing France, say, to sell more cheese if it cut more than required on skimmed milk powder. "Not realistic," says Mr Steichen, given US rejection last

year at Blair House. Guarantees that the export curbs will not deny the EC a share of any growth in the world food market, for example in China. This could be fudged since a growing market would raise world prices above EC target prices, freeing Europeans to exort without subsidy.

 Safeguards that export curbs would be relaxed in the event of large and sudden movements in prices and currency parities. The problem bere is that the safeguards could cut both ways, working against the EC if these movements were in its favour. But Blair House already cootains provision for higher EC tariffs on incoming food if the dollar weakens 10 per cent beyond a parity with the Ecu fixed by the accord. France's quest for greater protection against cheap US cereals substitutes like corn gluten, however, looks hopeless, since the provision for EC-US "consultation" in the event of sudden surges was drafted by Chancellor Kohl's office, and France needs firm German support to get its deal.

Extending the "peace clause"

under which the EC and US would refrain from unilateral action against each other, beyond the sixyear timetable. "That is a legitimate demand," says Mr Stelchen, widely shared by France's partners.

o closer examination therefore, a deal for France on agriculture may be attainable especially as French demands become more polished by intensive diplomatic cootact. think the French now have a feel for how far they can go," Mr Steichen says.

Complications, bowever, could arise outside the Gatt farm chapter proper, most obviously if Paris insists the EC should have the means to trade sanctions similar to those under US "301" trade laws. Bonn strongly opposes such a move. Less tangibly, much will also depend on how the process is managed, particularly, on the European side, by Sir Leon Brittan, the EC's chief negotiator, and by Mr Peter Sutherland, Catt director-general. "A disaster as a result of an occident is more likely than a disaster because of immovable positions. judges one Cerman diplomat, who adds that the key, on Monday, "is not to give the French too much

EMS: time for some strong medicine



tha permissive European Mone-tary System If the pundits are to be believed, two prin-PERSONA L ciples should now VIEW guide its monetary

policies. Interest rates should be cut quickly and rad-ically to counter the recession. And under no circumstances should governments tamper with the markets by imposing deposit requirements on foreign exchange transactions. These two quite different points have one thing in common: both of them are wrong.

The concern with high unemployment that prompts calls for interest rate cuts is entirely appropriate. But central banks control discount rates, not market rates. Market rates are determined by investors. Investors will accept a lower interest rate on French than German bonds only if they expect the franc to appreciate. To reduce market rates, a government must make investors believe that its currency

recover later, allowing lower interest rates to boost growth.

Suppose that radical discount rate cuts push the franc to the bottom of its 15 per cent band, half of which has been used already. Why should investors believe that it will recover? If they expect the opposite, French interest rates will rise rather than fall. The desire for lower market rates will be frustrated. Rightly or wrongly, this is very much on the market's mind. Indeed, long-term real interest rates

- on which investment most depends - have actually been higher in the UK and Italy, the two countries that depreciated their currencies last year, than elsewhere in Europe. To convince the markets that any depreciation is temporary. policymakers must first commit themselves to restoring an EMS with teeth. Only then will the markets know that depreciation today does not augur depreciation tomor-row. Only then will looser monetary policy be certain to succeed in cutting market interest rates and stimulating recovery.

Reluctantly, Eur- is going to strengthen. They must lf the single market is to be posed by the monetary committee requirements and circuit breakers. ope has entered the push it way down now so it can defended, there must be a move in July, would be "déjà vu all over Since when do curreocy markets back to narrow bands. However justified the debate over monetary union, there is broad agreement over the benefits of completing the internal market. Exchange rate fluctuations of as much as 30 per cent menace this achievement by imposing on workers and companies in the affected sectors greater

> If Europe fails to restore exchange rate stability, it will fail to complete the single market

and greater pain. The single market will be put at risk. The complaints of competitive depreciation following sterling and the lira's departure from the EMS last year underscore the threat. If Europe fails to restore exchange rate stability, it will fail to complete the single market. This is too high a price to pay.

But to restore 2.5 per cent bands, or even 5 per cent bands as pro-

again". If the last year has taught us one thing, it is that the EMS was flawed. Open capital markets are incompatible with pegged exchange rates, pure and simple.
This is why deposit requirements

for institutions with open foreign exchange positions, like those used in Italy in 1987-88 and in Spain in 1992, are needed temporarily until the goal of monetary union is reached. The cost of non-interestbearing deposits with central banks would be passed on to those borrow-ing a currency in order to sell it short. This is not a capital control; investors could still engage in any transaction they wished. But it would attach a cost to one-way bets against exchange rates and provide central banks the speculation they need to defend currency pegs.

Foreign exchange traders for too many years were denigrated as a lower form of life. But neither are they a higher form of life. No practitioner would deny that financial markets are driven by hard instinct as much as careful analysis; this is why they are regulated with margin

have a god-given right to be free of the sort of regulation to which other financial markets are subject?

What robs attacks on this proposal of their force is their failure to offer workable alternatives. The FT has recommended a faster move to monetary union or international monetary reform on a global scale ("Speculators as the scapegoats", August 17). Yet Germany has made abundantly clear its unwillingness to accelerate the Maastricht timetable. Hoping to solve the problem this way is whistling in the dark. The same holds for proposals to reform the international monetary system over a wider area. It is time for serious medicine,

not wishful thinking.

Barry Eichengreen and Charles Wyplosz

The authors ore professors of economics of the University of California, Berkeley, and Insead,

OBSERVER

Austerity driver

■ Not content with ordering a public sector pay-freeze at home, Kenneth Clarke is preparing to take the gospel of austerity across the Atlantic.

During his first attendance at the annual meetings of the International Monetary Fund and World Bank at the end of this month, Britain's chancellor will press for new action to increase efficiency and cut operating costs at the two organisations.

Staff salaries and allowances will be high in Clarke's line of fire. Britain is still smarting at having failed to block a 6 per cent increase in wage bills for pampered officials at the two Washington organisations earlier this year.

The British Treasury feels that it has already made some progress because World Bank president Lewis Preston has promised that next year's bank budget will be based on the assumption of zero real growth in operating costs. But there are compelling arguments for putting still more

pressure on the bank and IMF. Better cost control at the IMF and World Bank would assist the freeing of resources, in turn helping poorer developing nations at a time when national aid budgets are being squeezed.

And because Norman Lamont also took a tough line with the

Washington bureaucrats, Clarke would, for once, be doing something to meet the approval of his waspish predecessor.

Private pasta ■ Pietro Barilla, Italy's pasta and

confectionery king, who died yesterday at the age of 80, was better known to sweet-toothed continental Europeans and South Americans than to Anglo-Saxons. Business-hungry City of London bankers had loog given up trying to gam access to Barilla'a top-security Parma headquarters. more akin to a defence plant than

a biscuit factory. Even the toughest food industry multinationals despaired of ever taking over the family-owned business, which now sells more than 13,300bn worth of biscuits,

foods and cakes a year. Barilla, set up in 1877 by Pietro's grandparents, is a prime example of the sort of private company which would add lustre to the pint-sized Milan bourse, were it quoted

But having once sold a majority stake to a multinational -America's W R Grace in 1968 - only to buy it back 11 years later, Barilla was determined never to lose control again.

Whether matters change now thet a new generation is taking over is an open question. Two of Barilla's sons are already in the business, while the third, a former



'I bope I don't get used as kindling

Formule 1 racing driver, has also recently joined.

Indy chief

Patrick Morrissey, the newly appointed chief executive of Newspaper Publishing group, currently engaged in a bitter cover-price battle with Rupert Murdoch's News international. was feeling rather circumspect

yesterday. Andreas Whittam Smith's decision earlier this year to step aside as chief executive and devote more time to the task of editing The Independent, the daily

newspaper he and two former Daily Telegraph colleagues launched in 1986, surprised some media-watchers. For one thing, there were no immediately obvious candidates to follow in his footsteps. The headhunters got to

One firm, Tyzack and partners, had already approached some younger candidates before Morrissey, who is 52, was finally selected. Tyzack conversed with one

budding newspaper tycoon, who was rather piqued to be informed that the salary was in the region of £85.000 - a sum he considered rather paltry for the job. Morrissey yesterday told

Observer he did not wish to discuss the terms agreed between himself and Newspaper Publishing. Nor would habe drawn on how he plans to combat Murdoch's soaraway price-slashing Times, now only 30p against The Independent's 45p.

"I think it's a very interesting new tactic in the market," he said quite an independent view, given Whittam Smith's recent tirades against Murdoch's marketing

Jumping ship

■ Greece's election campaign is only four days old but the government's senior economic advisers are already deserting.

Their departure is taken by some as confirmation that prime minister Constantine Mitsotakis's

conservative New Democracy party faces defeat on October 10. Miranda Xafa, economic adviser

to Mitsotakis, is returning to the IMF. She says two years of battling against politicians and central bank officials have sharpened ber enthusiasm for dealing with "difficult economies".

Nassos Zambaras, mainstay of the government's privatisation

office, has signed on with N M Rothschild, the government's main adviser on privatisation. Peter Doukas, the fast-talking finance undersecretary, is returning to Citibank. George Alogoskoufis, a former London University economics professor, plans to combine a job at Athens University

with some private consulting. All four are now headed for jobs paying considerably more than a Greek civil servant's salary.

Card carrying

■ Is your business card collection a monstrous heap spilling on to the floor? Don't worry, it's just the recession.

Demand for business cards peaks during a slump, according to a study by Rolodex, the US card

company.

The theory is that sales staff have to work harder (and give out more cards than usual) and redundant executives are busily "networking"

(and giving out more cards). Life must be very confusing for the sales rep selling business cards.



FINANCIAL TIMES

Friday September 17 1993



Bundesbank attacks 'innovative' practices

Gaddum urges return to basic banking methods

By Christopher Parkes In Frankfurt

THE "INNOVATIVE" practice of financing capital investment with short-term borrowings came under heavy fire yesterday from Mr Jobann Wilhelm Gaddum, vice-president elect of the Bund-

Urging a general return to more traditional metbods, still predominant in Germany, he said it was no accident that the Bundesbank's interest rates policy found more support at home than in countries where investment was suppressed by over-dependence on short-term rates.

No one should conclude that it is the central hank's joh to correct this inappropriate financing structure. The result should be reconsideration of the rules for industrial and construction financing," he told a bankers' meeting in Bremen.

Mr Gaddum, who takes office at the end of this month, appeared to be drawing a new line of defence against criticism of the Bundesbank's snail's-pace reduction of its short-term dis-

While there has been some

for faster easing of monetary policy in the past 18 months, it has been relatively muted. Some 80 per cent of all corporate lending in Germany is made at long-term

Financial markets in all western countries had been flooded with so-called innovative ways of packaging and guaranteeing linancing in receot years, Mr Gad-dum said. These had led people to ignore the traditional basic rules. "For me these include the rule that long-term investments must also be financed over the

long-term." Countries which have been more open to these innovations than Germany have had to learn costly lessons. The mooey market, that is the market for short-term money, is and remains the central banks' field of

operations," he said. Banks which had freedom to manoeuvre with their short-term rate policy could easily counter speculation which bad no real economic grounds, he said.

But if such room for action was limited recent events - speculative pressure on European currencies which led to the effective suspension of the European axchange rate mechanism -

could easily be repeated.

Mr Caddum said monetary policy could not be blamed for the industrialised world's problems. Unemployment and public sector debt, which rose from one eco-nomic cycle to the next, reflected structural economic and social

"One cannot avoid the impres sion that the all too frequent attempts to hlame monetary policy for blocking recovery are attempts to divert attention from inappropriate decisions on pay, social policy and state spending," he said.

The Bundesbank, which has pressed vigorously for a rethink on these issues within Germany, returned to the theme in its September monthly report, published

Noting a considerable deterioration in public hudgets, the report said the total year-end deficit could be worse than expec-ted. Including off-hudget borrow-ings by the post office, railways and the Treuhand privatisation agency, it could reach DM230bn (\$141.9hn), equivalent to 7.5 per ceot of gross domestic product.

Brussels tries to defuse row over controls on speculators

By Lionel Barber in Brussels

THE European Commission yesterday mounted a damage limitation exercise after the call hy Mr Jacques Delors for new rules to combat speculative attacks on

European currencies.

Amid fears that Mr Delors was advocating the reimposition of capital controls, Brussels officials insisted that the Commission president's comments to the European parliament had hecn misinterpreted.

Mr Bruno Dethomas, chief spokesman, said: "He was not calling for the reintroduction of capital controls, he was merely calling for a dehate."

In his speech to memhers of the parliament in Strasbourg on Wednesday, Mr Delors likened currency movements to traffic. "Cars are free to drive but they are subject to traffic rules, I see no reason why at international level we should not study means

of limiting monetary traffic.

usually avoids public comments on monetary matters for fear of upsetting the currency markets. But Mr Delors' call for measures to tighten controls on currency speculators has been echoed in recent weeks by the French and Belgian governments whose currencies have suffered from the upheaval in the European Monetary System.

An EC official said Mr Delors wanted to strengthen the European Monetary System, possibly hy "changing the rules of the game" in foreign exchange trading. One idea would be to restrict the ability of financial institutions to take highly leveraged positions in the options and futures markets, possibly by requiring a deposit to be lodged

during the transaction. There is a feeling that the forex markets are operating under less strict rules than, say,

The European Commission

the commodity markets," said one Brussels official. The matter is now to be oxamined in an

internal Commission study.

Another option raised by Mr Delors is to make use of the "safeguard" clause under Article 3 of the EC capital movement This allows a member state to

impose protective measures for up to 180 days to deal with adverse currency movements affecting their exchange rate and monetary policies.

However, these emergency measures, which are subject to approval of the European Commission and the opinions of the EC monetary committee and central bank governors, have never been formally invoked. The temporary controls intro

duced last year by Ireland and Spain were invoked under special transitional arrangements under the capital movement directive, an EC official said.

Balladur calls on industry to minimise job cuts

By John Ridding in Paris

MR EDOUARD BALLADUR, the French prime minister, yesterday urged industry to minimise job cuts and to avoid using redundancies as the "easy solution" to

difficult economic conditions.

His appeal came the day after
the announcement or confirmation of about 13,000 job cuts by French companies, described hy the French press as "Black

Wednesday".
The series of redundancies. principally affecting public sector groups, represents a blow to the government's attempts to curb unemployment growth. The rate nf unemployment, now at about 11.7 per cent, is expected to reach 12.5 per cent by the end of the year, according to Insee, the national statistics office.

Mr Balladur expressed concern at growing redundancies in French industry and said that "a modern and human ecocomy cannot have as its sole objective the obstinate search for financial efficiency". He said industry must also take account of "the social dimension" of employment

An official at the prime minis-ter's office said Mr Balladur's comments were directed mainly at public sector companies. But the prime minister also said private companies should only cut jobs "as a last resort".

The single biggest announcement of job losses this week came from Air France, the lossmaking state-owned airline. The company said its financial situation had led to the decision to cut 4,000 jobs, almost 10 per cent of its workforce, by the end of 1994.

Sneema, the state-owned maker of aircraft engines, announced it would cut the equivalent of 775 full time jobs in 1994. Bull, the computer group, confirmed an earlier decision to shed 6,000 jobs, including 2,850 in France, by the end of next year, while Thom-son-CSF, the defence electronics group, confirmed plans for 1,700 joh losses in the same period.

The wave of redundancies is not confined to the public sector. nor is it likely to end with this week's announcements. Peugeotmanufacturer, is expected by industry observers to announce more than 4,000 joh cuts next week in response to the depressed European car market.

THE LEX COLUMN Broken biscuits

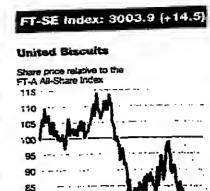
Those who felt that McVitie's provided a rock solid core at the heart of UB's international amoitions must have felt a chill when the margins on its LK biscuit husiness slipped in the first half The proximate reason for the fall was an increase in raw materials prices following the devaluation of the green pound, which was not passed on Since UB argues that it has not raised prices in order to defend its market share, and any efficiency gains will probably be lost to competitive pressures, that margin erosioo must be viewed as permanent indeed, as the supermarket chains can be assumed to he hanging tough on prices of own label oiscuirs, the capacity to increase the price of branded products is very limited. The undermining of brands by own label biscuits also bears an uncomfortable resemblance to the war-torn oread market.

Cash flow from the high-margin LK husiness has been used to fund UB's international ambitions. North America, Europe and Asia Pacific are apparently the local markets in which UB wants to star, yet even when cash flow was higher, it looked too small an engine in drive a global business. The position in the highly competitive North American market incks the most vulnerable since LB's keepler holds a weak second position. Sale of the business to a company like Pepsi with a strong distribution chain would release cash to pursue the underdevel-nped European snacks market. Whether UB's distribution in Europe can be made sufficiently strong to support the business is an open question.

UK economy

The foreign exchange market seemed determined to look on the bad side of yesterday's UK unemployment data. If August's 5.500 rise in the jobless total really is a signal that the recovery is weakening, the chances of a rate cut have presumably increased. That supposition, together with Mr Norman Lamont's new onslaught on the prime minister, was enough to send sterling lawer. Whether there is much logic in this view is another

Unemployment has risen slightly in each of the last two months but it is still 70,000 below January's seasonallyadjusted peak. Mr Major may have taken another knock from his former chancellor but he has little to gain by reaching for the interest rate lever in reply. Mr Lamont himself blocked this route by warning against politically-



motivated interest rate cuts in his res-

1991

Source FT Graphite

ignation speech.
In their desire to sober up after the vinlent reaction to Wednesday's inflation data, the markets may have overlooked the other message in the unemplnyment figures. Average manufacturing earnings are still growing at 5 per cent, while the improvement in both unit labour costs and productivity has slowed. The latter may be a statistical consequence of this week's revision of manufacturing output, but lower production only makes the earnings data all the more disappointing. At any rate manufacturing earnings are hardly compatible with the inflation miracle which the gilts market has been promising itself. Markets generally may be in for a rough ride as this realisation sinks in.

RMC

Price rises in UK building materials are finally sticking. True, the modest increases achieved by RMC stem from attrition among producers rather than higher volume. With cement prices rising as well, not all of the increases in concrete and aggregates flow through into profits. Still, the company is tak-ing the opportunity to rebuild margins. Having seen UK operating profits hit a trough in the previous six mnnths - at £1.4m on turnover of £100m - that is not before time.

While construction activity remains depressed, further margin gains will be hard won. Since RMC is shy about the breakdown of profits in its UK husiness - which includes the Great Mills DIY chain - the benefits of a housing market revival are also difficult to predict. With more than half of

many, though, the bigger risks and rewards might lie elsewhere.

The hope is that profits from RMC's 2500m investment in eastern Germany will rise faster than western Germany declines. So far the picture is encour aging. Cheap Polisb imports have not affected prices much. Despite falling back in the first half, construction activity in the west is halding up. Meanwhile RMC benefits from tax breaks for investing in the east which are not fully reflected in its reported 26 per cent tax charge. Even at this stage of the cycle and with its Berlin investment in progress, RMC has room to buy growth. The aggregates business earmarked for demerger by English China Clays springs immedi ately to mind.

Dixons

For Dixons it is a case of YES as in no. The company has finally got rid of its recently renamed US subsidiary Your Electronic Superstore. YES is better known as Silo, in which guise it has cast a long shadow over Dixons'

In selling YES/Silo tn the Fretter group - whose subsidiaries include the quirkily-named Fred Schmid Appliance & TV Co and Dash Con-cepts - Dixons is at least capping the losses which bave made its detour into the US such a disaster. Since YES is being sold as a going concern, Dixons avoids the large hole that would bave been punched in its net worth by the costs of closure. While Dixons loses some assets, the 30 per cent of Fretter's sbares which it acquires in return limits the write off to £19.8m.

Fretter's retiring family shareholders get a cash payment equal to the current market value of its shares. Yet since that is less than the net asset value of the company before merger, a combination of the assets put into the enlarged Fretter group give the management a decent chance to make a go of the business. If it works, Dixons' equity stake will give it a chance to make mooey, but potential further losses are limited to the \$50m holding value of the investment.

Much Dixons management time has heen wasted in the US trying to find a solution to the problems of Silo. That effort can now be usefully redirected towards the UK. Ironically, Dixons only bought Silo when it failed to get Kingfisher. When Kingfisher failed to get Dixons, it bought Darty in France. But that, of course, is a different story.

Dismay at Japan's \$58bn spending package

Continued from Page 1

Mr John Major, UK prime minister, begins a visit to Tokyo at

the weekend. Among yesterday's proposals are reductions or removal of state controls on 94 areas of eco-

Among the most important are

a review of Japan's anti-monopoly law to discourage cartels; simpler standards and certification procedures for imports; recognition of international slapdards on huilding materials; and more flexible rules on the types of bonds companies may issue in

the stronger yen to consumers include temporary cuts in electricity bills worth an average of Y800 a family a month. Cheaper domestic air fares for families and a 2 per cent cut in international phone bills are also put forward.

The yen's increase has started Plans to pass on the benefits of to feed through to a fall in import

FT WORLD WEATHER

prices, according to a government report yesterday. It said prices of 24 out of 35 imported goods surveyed, lucluding whisky, cars, and beef, declined over the first six months of the

> The package allocates slightly more cash than government officials had earlier indicated.

Without us, it wouldn't be a prize fighter.

The Eurofighter 2000, product of the best aerospace taleot in the UK, Germany, Italy and Spain, has been given the thumbs-up for take-off. Designed for European defence needs, its technology also has world export potential. Dowty's significant contribution to the project includes landing gear systems and computers, engine rings and casings, accessory gearboxes and primary flight controls - securing sales to Dowty worth about £160 million for the European requirement. With Dowty's belp, the Eurofighter 2000 will be a real knock-out.

Dowty is one of TI Group's three specialised engineering businesses, the others being John Crane and Bundy. Each one is a technological and market leader in its field. Together, their specialist skills enable TI Group to get the critical answers right for its customers. Worldwide



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Europe today

Weakening low pressure over north-eastEurope will bring cool and showery conditions from Germany to Lithuania. Overcast skies and patchy rain will prevail from southern Sweden to the Baltic States. Further west, the Benelux and northern France will remain cool but a ridge of high pressure will produce sunny spells and long dry periods. However, there will be a few showers. Northern Scandinavia will be dry with sunny spells and mainly high clouds. The Alpine countries, Hungary and southern CIS-states will have some clouds and only isolated showers. Most Mediterranean countries will rema sunny. The highest temperatures will be In Greece and the former Yugoslavia where afternoon readings will be near 35C. Spain will have some high clouds drifting in from the

Five-day forecast

Improving conditions with higher temperatures and more sunny spells will occur over the Benefux, Germany and the British Isles. After the weekend, high pressure will move east while an active low pressure system off the Atlantic will slowly lower temperatures and bring wind and rain to the British Isles and northwest Europe.



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Professor Bartolome Bennassar. Today's challenge surely ought to be easier because it calls for no comparably specialised knowledge. Indeed, although the problem is central to the cultural as well as monetary wealth of nations, its nub lies in something you all achievs daily in your work. The question is: how do

people do skilled things? True, despite its apparent simplicity, it is a question many august thinkers have examined without finding a cogent answer. But that may be because they are blinkered by their own theoretical presuppositions, and so looking for it in the wrong place - or so I'm beginning to suspect, at least,

What awakened the suspicion was a report in the white Times newspaper last Monday on an autistic 19-year-old. Since only a

Why established theory is now suspect

few of you are likely to have seen the report, I'd better outline the case hy adding that his name is Stephen Wiltshire, and in his largely speechless lifetime he has rarely shown an interest in the world around him, and still less any ability for most of the things normally studied in schools. While specially trained teachers eventually taught him to read and write, he never did either unless his tutors sat prompting

Then one day he surprised them by starting to portray them in wickedly observant cartoons. Nor did his talent for drawing stop there, for it turned out that after little more than a glance at complex architectural plans, he could go away and reproduce them line for line.

him by his side.

That alone failed to strike the egg-bead professions as worldshaking because theory has long had a name for people with some singular capacity like his. The name is idiot savants, defined as "people of subnormal intelligence wbo nonetheless show remarkable talent in a restricted field such as

memorising or rapid calculation." But the youngster has now chipped a crack in the egg-heads hy doing something which they evidently cannot account for. He has revealed another impressive talent. After just listening to a piece of music, he can identify the sequence of chords of which it is composed - and since that ability is in an entirely different field from his talent for drawing. the experts do not know how to

What I would like to know, on the other hand, is whether readers whose skills are more practical than theoretical likewise find the phenomenon inexplicable. If so, 1 beg to differ. Although it clashes with present theory, it strikes me as readily comprehensible. The prime reason is that, in them-selves, the young man's talents are less than extraordinary let

alone unique.

Now, that is not to belittle him. As be has two of them to count on, his high-level skills certainly outnumber mine. OK, I perhaps don't yet quite fall under Lyndon Johnson's lampooning

being unable "to fart and chew gum at the same time". But there is only one thing I can claim to do at a level anywhere near remarkable - or l hope so at any rate - and that's communicating in written English.

Even so, while most of us can't do the things Stephen Wiltshire does, an appreciable minority of people can. Besides, the abilities he exercises in doing them are no more extraordinary than those required by numerous practical activities, managing a workforce being a case in point.

Hence the stumbling block preventing the experts from explaining his achievements would seem to lie in the theory, and especially in the first part of the definition of an idiot savant the hit that assumes him to be "of subnormal intelligence". And the justification for including him in the said sad category is surely that he has not shown the sort of capacity which established theory deems to be indicative of at least normal intelligence, including an ability to learn the

things which customarily make up the school curriculum.

Indeed, so strong is the grip of the theory that if he had shown the academic type of ability, it is unlikely that the experts would think anything even needed to be explained. They would simply look on the boy as much like themselves at his age: as a person of more than adequate general intelligence, with one or two particularly pronounced skills. Moreover, most other people who have succeeded in conventional education would probably take the same view without pause for

But the powerful hold of the theory doesn't make it right. On the contrary, the apparent fact that it fails to explain young Stephen's skills is prima facie evidence that the theory is wrong.

Nor is it the only reason for supposing that, far from being an exceptional case, he may do what be does in essentially the same way as such things are done hy folk who succeeded in education. For, if readers reflect on how you do your own work, I'd guess that

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how they are going to do them. then putting the plan in their skull into effect as if they were following a detailed blueprint.

No doubt there are some kinds of expert work which can be done by that two-step method. But as I reported 10 weeks ago, my talks over the years with hundreds of highly skilled people - including theoretical researchers - suggest that the large majority operate differently. With few exceptions, they rejected the idea that they first thought and then acted in distinguishable stages. Their most decisive thinking was some-how embedded in the doing, and could not be separated from it.

Accordingly, I feel it is high time the experts scrapped their theoretical presupposition that the talents of people like Stephen Wiltshire are freak deviations from the normal rule governing human expertise. It would be better to concentrate on highly skilled operators who ore deemed normal, and identify how they actually do their work with a view to discovering whether or not the established theory is a counter-productive, not to mentioo enormously expensive, distortion of reality.

Michael Dixon

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agree that your decisive abilities,

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hear of it. But I hope that besides telling me I'm dait, you'll spell out your grounds for saying so in

as much detail as you have time

for. Should it turn out that my

ideas on the matter are wrong, I'll of course admit as much as

In the meantime, however, I'm sticking to my hypothesis that it

is mistaken to believe that the

capacity to succeed in scholarly

exams is indispensable to highly

intelligent action, including the

making of active judgments as

well as direct operations on the

outside world such as motivating other people. And what I see as

the main flaw in that belief is the

assumption, which can be traced

back at least 350 years to the

philosopher René Descartes, that

the way people do mentally skilled things is necessarily by

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NEWTON

UK RESEARCH ANALYST UK SMALL COMPANY ANALYST/FUND MANAGER COMPETITIVE SALARY AND BENEFITS

Newton is a privately owned and independent house which has a record of steady growth and investment performance. The £3.9 billion of assets under management consist of institutional funds, private client assets, unit trusts and personal equity plans. As a result of continued expansion we now seek to appoint two additional professionals to our research and investment team. The required

UK RESEARCH ANALYST

- ➤ Graduate
- Minimum of 3 years experience of researching UK companies
- Strong analytical ability and capable of developing innovative ideas

FUTURES TRADER

major international investment house.

ion to succeed.

Develop a career in futures management with a

John Govert & Co., the innovative City of London and international investment house is searching for a new futures reader to work on its ground-breaking Derivatives Desk.

Managing more than £170 million, our derivatives team has an

Futures trading and programming experience is essential as

enviable track record of ianovation and achievement. If you have the

necessary experience and experiese then you may be able to contribute to

are good qualifications, an eogagiog and pragmatic nature, and a

- ➤ Good communication and
- ▶ Graduate
- UK SMALL COMPANY ANALYST/FUND MANAGER (REF UK2)
 - Minimum of 2 years research or investment experience
 - ➤ Strong balance sheet and cashflow analysis skills ► An interest in companies with a market capitalisation below £250 million

If you meer our requirements and are interested in either of the positions, please write enclosing a foll Curriculum Vitae, and quoting the appropriate reference, to Colin D Campbell, Personnel Director: Newton Investment Management Limited, 71 Queeen Victoria Street, London EC4V 4DR

LENDING **CREDIT**

CORPORATE FINANCE

CORPORATE FINANCE (MEA LBO's) A major bank seek to expand their International Corporate

Finance Division by appointing:- BUSINESS ANALYST able to construct M&A, LBO models, draft presentations. MANAGER aged 30/35 years highly numerate and able to source cross-border mandates and execute. ASSOCIATE DIRECTOR a global "mandate getter" with a very successful track record to date. Salaries range £30-£100,000 + bonus + benefits package.

MARKETING OFFICERS UK

As above with several years UK Corporate calling/negotiating experience selling the lending, treasury and the corporate financial products of a major bank. ENeg £28-£38,000.

CREDIT ANALYSTS Several clients seek graduates aged 25-30 years with formal credit training received either from within a major clearer

(City Branch or Regional Office) or a major US Bank.

Salaries negotiable AAE £25-£35,000 + Benefits. Detailed CVs in confidence to BRIAN GOOCH



OLD BROAD STREET BUREAU 65 Lendon Wall, Landon EC2M 57U Tel: 971-588 3891 Fax: 971-685 9912

EXCEPTIONAL SALES OPPORTUNITY for

EXPERIENCED SALES PERSON international corporation with offices throughout Europe is looking for an EXCELLENT SALESPERSON with 15 years experience. A salusman who knows how to ask for the order and knows how to CLOSE A

A salesman who can mass merchandise different types of products such as clothing, watches, sporting goods, housewares, hardware, toys, food, electronics, etc. throughout Western and bastern Europe.

A salesman who can SELL LARGE QUANTITIES of inventory in the amount of \$100,000 or more. Must be able to sell products to distributors, large retail outlets, co-ops, hyper-markets, etc. throughout Western and Eastern Europe. Candidate must be fluent in English and work from our Paris office. Knowledge of other languages a plus. This is a very lucrative and rewarding position. Fax your CV to (212) 949-8040 or mail to:

> Mr M. Deitcher ATWOOD RICHARDS INC, 99 Park Avenue

Investment Management Compliance

Law/Business Graduate/

Newly Qualified ACA

This is an opportunity to join the London-based compliance team of an international investment management company with an outstanding record of growth and fund performance. Reporting to the company's compliance officer, the person appointed will assist in the maintenance and further development of cumpliance procedures for the company's UK operations in an environment where the function is viewed as important and requires a broad,

The position is likely to appeal to candidates in their early twenties who are interested in developing a career in the regulatory and administrative side of investment management and it is felt that either a law/business degree or an accountancy qualification, preferably combined with some financial services experience, would be desirable. A constructive, team-minded approach and well developed communication skills are essential requirements.

If you would like to be considered for this position, please

vrite in complete confidence to:



IMR Recruilment Consultants. No. 1 Northumberland Avenue, Trafaiger Square, London WC2N 5BW. (let: 071 872 5447)

INVESTMENT MANAGEMENT RESOURCES

ORD MINNETT

A Member of the London Stock Exchange and the

Ord Minnett, one of Australia's consistently top ranked investment banks is seeking an experienced professional for the following senior position in its London office:

EQUITY SALES PERSON

The applicant must have a strong research background in Australian equities.

This is a senior position and offers the right candidate an outstanding career opportunity with excellent prospects for promotion. An allractive remuneration package is

Please send your CV and supporting details to:

Mr D. W. Garrard Managing Director Ord Minnett Limited 1 College Hill London EC4R 2RA

ACCOUNT MANAGER

Deposit Marketing

UK Based

Package circa £35,000

pecialising in commercial property-related lending. This UK subsidiary of a major European financial services group has established a firm presence in its niche markets. From this base and with group backing, controlled low-risk expansion is planned. As part of the growth, this new position will be responsible for a substantial enhancement of the Bank's deposit portfolio and will play an important part in the expansion of the treasury function. A key element of this role will be marketing the Bank and its deposit products to identify and establish a network of contacts within the corporate, institutional and public sectors as sources of funding. Aged 25-35, possibly ACIB qualified or equivalent, candidates will be of graduate calibre with extensive experience in the financial services industry, perhaps gained from a banking or building society environment, complemented by a sound knowledge of the UK money markets. With technical competence supported by experience in financial marketing techniques, new business development and planning from origins, the successful candidate will have excellent verbal and written interpersonal skills, the diplomacy to forge strong internal and external relationships and the energy and drive to become a valued team member in this growing bank. The remuneration package will be negotiated dependent upon experience but will include the provision of an executive car and pension, life assumnce and private health sickness scheme. Relocation assistance will be provided in appropriate cases. Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 1 Queen Square, Bristol BS1 4JQ. Tel: 0272 253390 Fax: 0272 253220

ADDERLEY-FEATHERSTONE plc

Richard Balchover folio George & Co. Limited Shinklinuos Prosse If you want to join us io making derivarives really work, please write to me at the address given. New York, NY 10016 LONDON - BIRMINGHAM - BRISTOL - GLASGOW - LEEDS - NEWCASTLE est in Party begin the week of September 27, 1991.

THE ULTIMATE STOCKBROKING EXPERIENCE

Lire you a highly motivated professional determined to succeed at the highest level? If so, Fidelity Brokerage would like to hear from you.

Fidelity Brokerage is one of Europe's most successful stockbrokers - a young and dynamic organisation that has accurately targeted investors with aggressively developed financial products and services.

In the relentless pursuit of excellence, the company has set a benchmark for performance. With a strong emphasis on first class customer service, the growth of its client base and trading volumes has been impressive.

In a fast moving environment, this success bears testimony to the efficiency of our operational and administrative systems.

In the UK, Fidelity Brokerage was at the forefront of the move away from traditional stockbroking houses towards faster, more cost-efficient dealing services for customers who make their own investment decisions. It's an approach that has seen the company build substantial retail and institutional business that continues to grow impressively in the UK and internationally.

Now, to build upon the company's strong presence in the highly competitive markets of the UK and Europe, Fidelity Brokerage is looking for entrepreneurial leaders of exceptional ability to spearhead the company's future performance.

The company will shortly be moving to its new European headquarters near Reigate in Surrey. Here, its 100 employees will enjoy the benefits of a modern well-appointed office complex, supported by the latest state-of-the-art technology.



HEAD OF RETAIL DEALING

c£35,000 - £40,000 pa plus bonus and benefits. (Ref. HRD)

A highly-focused, customeroriented dealing team operates at the centre of Fidelity Srokerage's execution-only retail services. The team meets the specialised needs of 18,000 active, independent investors. It trades aggressively in the UK, European, US and other international stockmarkets, also providing real-time trading

The newly established position of Head of Retail Dealing bas been created as a direct result of the company's dramatic success with its retail services.

Reporting to the Director of Trading, the primary responsibility of the post will be to supervise the day-to-day activities of the team of approximately 20 highly-motivated, ambitious dealers. You will be responsible for all retail trading and will work closely with the Marketing and New Business Development functions. You will be required to develop the existing and future customer base, stimulate and encourage activity among existing customers and ensure marketing programmes are tailored to meet customer needs.

Inevitably, you will be someone of exceptional ability and will have gained substantial experience in the UK and ioternational markets, having headed a customer-driven dealing team for at least 2 to 3 years, most probably with a UK retail stockbroker.

A high level of market awareness, imagination and welldeveloped management skills are required to lead and motivate a strong dealing team and to assist in the expansion of our retail customer base.

DEALERS/REGISTERED REPRESENTATIVES

c£16,000 - £18,000 pa plus bonus and benefits (Ref-RR)

Due to our rapid expansion, an opportunity exists for a number of experienced, enthusiastic UK Registered Representatives to join the company's retail dealing

You will be responsible for receiving and executing client instructions on UK securities, as well as providing the wideranging UK market and product information offered by Fidelity

This position calls for excellent oral communication skills and a good knowledge and understanding of the UK stockmarket. Numeracy, plus good telephone and keyboard skills are also important, together with self confidence, enthusiasm and the ability to work under pressure during high call volume periods. Candidates must have well-developed customer relations skills acquired over the past 2 years in a dealing environment.

The successful applicants will be highly motivated, resultsoriented achievers committed to maintaining the high levels of customer service which have become Fidelity's trademark. Candidates must be SFA registered.

OPERATIONS MANAGER

c£35,000 - £40,000 pa plus bonus and benefits (Ref. OM)

The company's commitment to customer care and service is reflected in the quality of people it employs. Nowhere is this more evident than in the Securities Management Department which has grown substantially over the last 12 mooths

As a consequence, an experienced Operations Manager is required who will be responsible for a growing team handling transfers, corporate actions, dividends and stock reregistration as well as controlling a substantial nominee company.

Reporting to the Operations Director, this is a key position within the Operations group. With substantial in-depth

experience in UK and international settlement, you will have acquired particular expertise in the field of stock and securities management and possess a well hooed processing ability to deliver results with precision and accuracy.

Securities Management is central to the commercial success of Fidelity Brokerage and you will need to demonstrate strong leadership qualities, a proven track record in the business and the ability to deliver innovative operations

If you have the expertise, experience and business maturity to succeed in this highly demanding

Fidelity Brokerage now, enclosing a detailed CV and quoting the appropriate reference number

nent; if you are a leader who can excel as an individual within the collective team effort, write to

Mrs Sandra Evans, Fidelity Brokerage Services Limited, Oakhill House, Hildenborough Tonbridge, Kent TN11 9DZ

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COMPLIANCE OFFICER

c£35,000 - £40,000 pa plus bonus and benefits (Ref. CO)

If you are a qualified lawyer or accountant with experience of working in the financial services sector with either a City firm or a major financial institution, Fidelity Brokerage offers a challenging opportunity. Our brief encompasses

compliance, legal and financial matters across the broad spectrum of the company's activities. You will have overall responsibility for compliance with the rules of the Securities and Futures Authority and other relevant legislation; compliance monitoring and documentation; provision of expertise on compliance and legal espects of new product development, liaison with our regulators; customer complaints procedures; compliance training for employees; and monitoring of employee trading.

You will also be expected to provide general legal advice, act as Company Secretary and liaise with external lawyers. A working knowledge of the rules of the SFA would be advantageous, although familiarity with the rules and regulations of one of the other SROs will also be considered. Within our European oriented business, this role will develop rapidly to encompass our expansion in both the retail and

institutional markets. You will report to both the Head of Compliance in Boston and to the Managing Director of FBSL.

MARKETING MANAGER

c£30,000 - £35,000 pa plus bonus and benefits (Ref. MM)

Reporting to the Marketing Director your remit will cover all aspects of the company's core domestic execution-only service which targets independent minded stockmarket investors.

You will need to demonstrate excellent analytical; interpersonal and organisational skills, be able to interface effectively with staff throughout the organisacion, and meet tight project deadlines.

As a marketing professional, you will be computer literate and have a thorough grasp of all elements of the marketing mix including advertising, direct mail, legal, creative, budgets, production, research and profitability analysis. Furthermore, your track record will show how this expertise has been translated into effective marketing results.

You will be a university graduate or equivalent with 3 to S years of related marketing experience, or hold a busines marketing degree with 2 to 4 years' marketing experience (preferably in direct marketing, but not occessarily in financial services).

BUSINESS ANALYST

c£30,000 - £40,000 pa plus bonus and benefits (Ref. SBA)

Reporting to the Head of Brokerage Systems, the Senior Business Analyst will be responsible for identifying and specifying system requirements in all areas of Fidelity's fastmoving husiness

You will assist with tactical business improvements and also cootribute to the strategic direction of projects being developed locally and by Fidelity's Boston-based parent company. Furthermore, you will be expected to provide assistance with user training and acceptance testing.

You will need a broad base of securities processing knowledge in both dealing and settlement operations. The ability to identify opportunities and propose workable business system solutions is essential. In addition, experience of structured development techniques would be desirable. Above all, in this customer-led environment, you should have the desire to provide systems which promote first class customer service.

DEALING SYSTEMS -PROJECT LEADER

c£30.000 - £40,000 pa plus bonus and benefits (Ref. DSPL)

Fidelity are currently developing advanced dealing systems utilising client server architecture and this has created an outstanding opportunity for a systems developer to lead this high profile project.

Reporting to the Head of Brokerage Systems, the Dealing Systems Project Leader will be responsible for the successful development, implementation and support of this critical frontend dealing system. To successfully fulfil Fidelity's

requirement, you will need experience of at least four of the following:

 Dealing systems knowledge □ 00 techniques

□ Windows development

□ Oracle □ Client server architecture □ UNIX

A thorough understanding of the technical issues of front-end systems is an essential requirement hut this is also a role that places great emphasis on personal initiative and high professional standards.



EGIONAL COMMERCIAL BANKING MANAGEMENT OPPORTUNITIES WITH **CREDIT LYONNAIS**

Crédit Lyonnais is one of the world's largest banks with operations in 80 countries. Our presence in the UK dates from 1870 and our recent expansion programme has centred on the establishment of a network of commercial banking branches in the key industrial and commercial centres of the UK.

Our target market for these branches are successful, growing companies with annual turnovers in the range of £5 million - £250 million.

We have managerial vacancies at various levels within the network and invite applications. Ideally candidates will be graduates with at least 5 years' experience of working with mid-corporate clients. A proven track record that demonstrates a high level of drive and personal ambidon combined with sound credit analysis, marketing and interpersonal skills is an essential requisite for these challenging and rewarding appointments. Applicants must be ACIB qualified.

A good knowledge of French will be an advantage but is not essential. Remuneration and benefits will reflect the seniority of the appointments

Interested candidates should send a comprehensive career resume. together with details of their remuneration package, to: Mrs Sue Randall, Deputy Head, Personnel, Crédit Lyonnais, 84/94 Queen Victoria Street, London EC4P 4LX

The closing date for applications is Thursday, 30 September 1993.

One of the top UK Securities Houses is looking for a number of young high flyers with the potential to reach the highest echelons of the business. Successful candidates will be appointed to

specific product areas before moving around other divisions to acquire the breadth of knowledge and experience for Currently there are openings in UK and

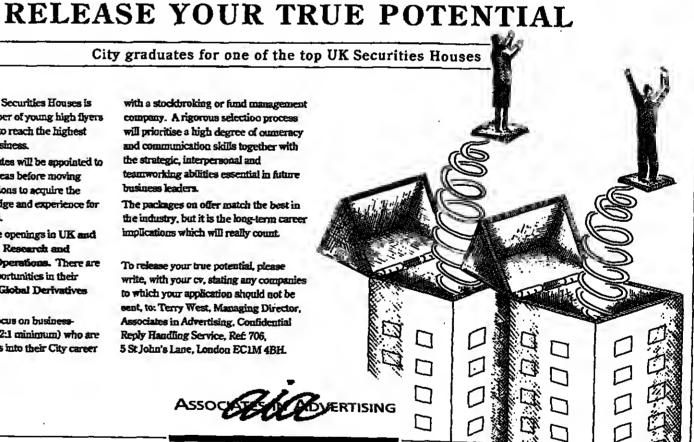
European Sales, Research and Market Making Operations. There are also significant opportunities in their rapidly expanding Global Derivatives Their search will focus on business-

degree graduates (2:1 minimum) who are oow up to two years into their City career

with a stockbroking or fund management company. A rigorous selection process will prioritise a high degree of oumeracy and communication skills together with the strategic, interpersonal and teamworking abilities essential in future Imaineas leaders

The packages on offer match the best in the industry, but it is the long-term career implications which will really count.

To release your true potential, please write, with your cv. stating any companies to which your application should not be sent, to: Terry West, Managing Director, Associates in Advertising, Confidential Reply Handling Service, Ref. 706. 5 St John's Lane, London EC1M 4BH.



CREDIT LYONNAIS

Asset Finance Product Development Manager

Circa £30,000 **MANCHESTER**

Our client is a long established, successful and progressive financial institution, based in the North and with a nationwide network.

An innovative approach to product development has enabled the organisation to maintain its position in an increasingly competitive market. The company wishes to appoint a Product Development Manager who will report to the Head of Asset Finance and work within the Asset Finance Department to research and develop a strategy for asset backed products and to deliver sales to meet targets.

Candidates will have experience of identifying and promoting new asset based products and maintaining good client relationships.

The ideal candidate will be a self starter, who can demonstrate both creativity and tenacity with proven communication skills.

The position offers a competitive salary with an excellent benefits package.

To apply, please send a full CV with salary details to:



EXECUTIVE SEARCH & SELECTION ter House, 57 Goodramgate, York YOI 2LS. Telephone: 0904 610657

Energy Markets Analyst Develop & Manage New Strategies for Risk Management in International Operations

This leading exploration & production company has a wide range of interests, both domestic and international, and annual income from its oil and condensate sales is in excess of £200 million.

As Energy Markets Analyst, you will be responsible for developing and managing the company's hedging strategy and oil paper trading programme.

You will liaise closely with senior management, Treasury and Operations. to maximise profitability and minimise risk. This will entail ongoing analysis of market conditions, negotiation of commercial contracts with brokers, banks and trading firms and ensuring the company has an up to date awareness of the latest market positions and trends.

You will react speedily to market changes in the most effective and commercially advantageous manner and present innovative solutions to scenarios in an environment which provides a good level of autonomy and decision making authority.

Probably a graduate in a quantitative subject, you have at least five years' experience in analysing financial and energy trading markets including developing and carrying out hedging and trading transactions in the oil

Computer literate with exceptional analytical skills, you are a commercially aware self-starter with the confidence and interpersonal skills to work effectively with senior management and external parties.

Career prospects are excellent and a number of options are available. You will be based west of London and a competitive package will be offered, including a car, a comprehensive range of benefits and relocation assistance if necessary.

In complete confidence, please telephone or write with CV to: John Diack, Managing Director, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA. Telephone: 071-629 5909.

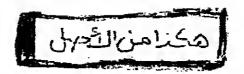
Simpson Crowden **CONSULTANTS**

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ROJECT LEADER

Financial Risk Management Specialists

It takes a firm grasp of the risks to appreciate the rewards.

Our consultancy is one of the world's largest and most prestigious. Our risk management group plays a pivotal rote in some of the leading initiatives in this area of the financial services (including the recent Group ot 30 study of derivatives in the

The consultants who form the team are involved in a wide range of challenging and complex assignments, helping our clients to optimise their management of the risk-reward relationship. Our clients are leaders in their markets and the damand for our skills in this area continues to increase.

We are therefore looking for articulate, selfmotivated apecialists with first class track records. Aged 26-35, you are likely to have an accountancy, banking or MBA qualification and to have hands-on experience and a deep understanding of financial risk management techniques in retail banking, corporate banking or treasury and capital markets.

Additionally, you should possess some

knowledge and expertise in one or more of the following:

- Credit scoring techniques and applications
- Market risk measures and valuation models
- Risk adjusted profitability measurement General statistical modelling techniques
- Since you will be working at senior levels in client organisations and often in multidisciplinary teams, you will need excellent interpersonal skills, including the ability to communicate effectively and to build and develop working relationships.

The breadth and variety of our work is such that you can quickly extend your horizons. If you would like to accelerate your career through building your skills and experience in a supportive but challenging team environment, please write, quoting ref: MCS/8617, enclosing a detailed cv to Andrew Stott, the partner responsible for this practice area, at Price Waterhouse Management Consultants, Milton Gate. 1 Moor Lane, London EC2Y 9PB.

Price Waterhouse



ARBITRAGE ANALYSIS to £60,000

A large International Bank with a strong presence in derivatives markets wants to recruit an analyst to work within an existing arbitrage group. The group currently develops trading strategies and identifies arbitrage opportunities across a wide range of products and markets. The analysts work very closely with the traders and so have a closely measured effect on the groups profitability. You must have a post graduate qualification in a highly mathematically / a post granuate quantication in a mgmy maintenance of statistical discipline - a Phd would be very attractive as would experience of time-series analysis, correlation analysis and stochastic calculus. As a personality you should be highly driven, precise and want accountability - bonuses are a major part of total remunerations.

Call Tony Sheppeard.

CREDIT ANALYST (CORP FINANCE) to £30,000 A major International Bank wants to recruit an individual with a strong credit background for its corporate finance division. This position is likely to appeal to those analysts wishing to raise their profile within corporate credit as the analysts frequently accompany the marketeers on direct visits. You will need three years credit experience within an investment bank, a good degree and, most importantly, the ability m generate ideas and work on your own initiative.

AUSTEN SMYTHE SEARCH and SELECTION 127 Cheapside, London EC2V 6DH Tel: 071 600 2862 Fax: 071 726 4290

CO-HEAD INTERNATIONAL INVESTMENT MANAGEMENT COMPANY BASED IN HUNGARY

applications are invited for the position of Executive Director for a new Hungarian investment management company, which is a subsidiary of a successful independent corporate finance company based in Hungary. The Company will be set up to manage a capital Development Fund controlling stakes in small and medium sized Hungarian companies.

The shareholders in the fund will include international investors in th

- As Executive Director the successful applicant would be co-head of the Company with full responsibility for the following areas:
- Evaluation of Projects

Ideal age 25-35.

- Representation towards the group's international institutional investors
- ment of investments.

The applicant will participate in the decision making procedures of the Company as well as the day-to-day management of the operation. The applicant wUf co-operate closely with both Hungarian and foreign professionals within the group and would be based in Budapest.

> cations together with CV's should be forwarded to c/o Mrs lvy Patsalides 3 Clifford Street London WLX 1RA

Regulator, Financial Services

Europe

Generous Tax Free Package

An emerging onshore finencial centre which aims to expand its financial services sector by encouraging International foreign investment, perticularly in the ereas of fund management and banking, wishes to appoint a Regulator for investment services activities.

The position calls for an experienced Individual who is currently involved in regulating onshore/offshore compliance with investment services rules and regulations. Alternatively, the individual could be involved In investment services/fund management with experience of regulatory compliance.

- edvising the Commissioner of the Reguletory Board
- developing regulatory policies
- advising prospective entrants on establishment and regulatory matters
- establishing active monitoring of licensed firms. devising operating procedures and working practices.
- The post will be based in an attractiva European location and will be for an initial period of at least

Please send full cereer and remuneration details including telephone contact numbers and quoting reference 2002 to Stephen Fletcher at the address below.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London ECAY BAE

SENIOR CONSULTANTS

Capital Markets-Equities

£35-42,000

City

Our client is a major division of one of Europe's leading and most ambitious financial information businesses; the premier supplier of bespoke training services to the finaocial services sector - in the UK and throughout the world.

Its strength and credibility flow exclusively from the energy and talent of its Consultants: their advanced skills, creativity and commitment combine to deliver outstanding benefits to prestiglous elient organisations enabling them to thrive in increasingly complex and pressured commercial environments.

These are opportunities to join that leam of outstanding

individuals - who clarify client needs, translate them into bespoke training and consultancy solutions - and take full responsibility for their effective implementation.

Specifically, you should bring coosiderable experience from the Capital Markets and Equities environments . from either a marketing or a trading perspective; exposure to Corporate Finance would also be valued.

Furthermore, whilst an international aspect to that experience - and language skills - would be attractive, an entbusiasm for working on overseas assignments is certainly essential.

Above all, you must display the eredibility and confidence necessary to advise and influence in the context of a knowledgeable and demanding audience.

The rewards include a negotiable salary and bonuses and the opportunity to make an exciting and positive career change whilst fully exploiting and building upon your existing

To appty, please send your CV without delay, quoting Ref. FT.105 to the company's Recruilment Consultancy: Arch House, 2-4 High Street, Chalfoul St. Peter, Bucks. SL9 9QA. Tel: 0753 880313 Fax: 0753 884053

ARCH INDEPENDENT

SERVICES TO THE CONSULTANCY PROFESSION

Corporate Treasury Sales

Our Treasury Services team seeks two experienced members to both maintain its high level of client service and to provide more specialised information

Corporate Dealer

This role involves developing relationships with both corporate and institutional elients by anticipating and responding to their needs for information and specific treasury products.

Corporate Dealer -**Structured Transactions**

This role involves providing tailored solutions in response to our corporate and institutional customer requirements. Candidates will make full use of their knowledge of foreign exchange, bonds and derivative instruments to price and structure deals to assist in providing ideas and risk management solutions. Experience of pricing models, corporate treasury risk and computer spreadsheets

Candidates for both positions will be numerate, creative, have a minimum of three years' experience of treasury sales, and a thorough understanding of how foreign exchange and interest rate products are used by corporate and institutional clients. A successful track record of business development in a demanding environment and excellent communication skills are essential. Education is likely to be to degree level and fluency in a foreign language would be advantageous.

We offer a competitive salary and full banking benefits.

To apply, please send a CV and details of current salary to Mrs C Lambert, Assistant Director, Personnel Department, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA. Telephone: 071-480 5000.



CO-HEAD CENTRAL AND EASTERN EUROPEAN FINANCE ADVISORY COMPANY-BASED IN LONDON OR FRANKFURT

Applications are invited for the position of Managing Director for an expanding Central/Eastern European Corporate finance advisory company with existing and successful associated operations in Hungary and, more recently, in the Czech Republic.

The Company has been set up to provide sophisticated corporate finance and merger advice to clicats with business interests in Central and Eastern Europe. The Company also has specific focus in Western Europe

The successful applicant will be co-head of the Company with full responsibilities for the following areas:

- · Execution/control of all investment banking mandates in the region
- Capital markets, including placements of structured debt and equity
 Solicitation in the UK/Scandinavia
- · Management of the London office. ti is envisaged that the successful applicant has several years of investment banking experience, has a strong bias towards development in Central and Eastern Europe and is specifically interested in entering/sceptizing an equity stake in the Company, and where relevant,

The Company is part of a group of corporate finance companies some of which are in the process of being established.

Applications together with CV's should be forwarded to: Sietz Kingsman & Co 3 Clifford Street London WIX IRA

INTERNATIONAL PR-AGENCY PUBLIC RELATIONS EXECUTIVE

London-based public relations egency is expanding its European corporate public relations team. Clients include high prollin, multivational companies with a focus on Europe plus the US and the Middle East.

Excellent whiting and communications stills are required. The job will concentrate on strategic planning, issues research/management, medie relations, coordination of Europe-vide activities and liaison with client contacts in 20+ countries.

The ideal candidate must be Continental European (with proficient English as the second lenguage), aged 25-30, with a University degree and 3-5 years expensione in the public relations/corporate communications field. Plusney in German, French or Spenish a must Médile East expensione a bonus.

Salary and benefits commensurate with experience. Please reply, listing how you meet these criteria and enclosing your CV to: Box No. B 1686, Financial Tisses, One Southwark Endige, London SE1 9KL

Opportunities with Deutsche Bank Group

Lou are a university graduate with agvaral years Equity Portfolio Management experience. Your career includes fundamental research of both large and small companies. You have knowledge of standard Pcsoftware, foreign language skilla and a basic know-ledga of

If you match these requirements we offer an opportunity in our European Equity Portfolio Management Team, You will be responsible for sevaral German Equity Portfolios aa well as industry and company analysis. You should be comfortable in a disciplined investment environment using modern Portfolio Management techniques.

Portfolio Manager Senior Portfolio Manager

We ere an independent Portfolio Management company of **Deutsche Bank. Our institutional** clientele is primarily international. We offer a challenging and exciting career in Frankfurt and a competitive remunaration package with additional benefits.

Please forward your resume to Haike Baur, Deutsche Asaet Managament GmbH (DBAM). Bockenheimer Landstr. 42, D-60323 Frankfurt am Main.

Let's talk about iti

Deutsche Asset Management



Fund Manager-Global Fixed Income

Our client is a leading London based investment management group with in excess of £20billion under management. As a result of continuing business growth the company is seeking to appoint an additional fixed income fund manager to join its established and highly successful fixed income team.

The Role

you will contribute to the development and

implementation of the team's investment strategy.

You will be responsible for managing multi-currency portfolios on behalf of North American institutional clients. Undertaking in-depth fundamental analysis,

You will have a good degree and a minimum of 5 years experience of financial markets, of which at least 2 years will have been in fixed income fund management. You will be a confident and able

Qualifications

The Rewards

An attractive salary and bonus are offered together with a generous benefits package. For an ambitious and successful individual, long term career prospects are excellent.

> Please reply by letter or fax with a current CV and an indication of current salary to: KW Selection Ltd, 140 Park Lane, London, WIY 3AA. Fax Number: 071 355 1521. Quoting Ref: IC/GFIFM/02/1



GROUP RESEARCH MANAGER

FINANCIAL TIMES

To provide a high quality research and information resource in support of business development.

c.£38,000 + car

Central London

FUND MANAGEMENT SCOTLAND

We act for a number of Scot-

tish investment houses. Current openings include analysts with

7 years experience, aged 25-35 in the following areas:- US,

Pacific Basin, and Marketing.

London interviews Wed. 22 Sept. Fred Lawson, ASA International La 63 George St, Edinburgh EH2 2JG Tel 05t 226 6222

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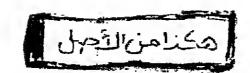


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he Accounting Standards Board has been in operation for three years and is fully into its stride. But I am worried that it may be striding in the wrong direction. I believe its approach puts undoe emphasis on the balance sheet, to the detriment of the profit and loss account, and to the

disadvantage of users of accounts. The board has now published all but one of the chapters of its draft statement of principles. This is designed to provide a conceptual framework on which to base future standards. In a political context it might also be seen as a kind of manifesto, setting out the board's vision of eccounting to seek the endorsement of the business community. In these

terms, it would not attract my vote. Perhaps more worryingly, there has been very little public debate on the whole project, and there is a danger that we will end up with the frame-work being adopted without many

people realising what it entails. The ASB's proposals implicitly make the balance sheet the central plank of the financial statements. with the profit and loss account dependent upon it. Financial statements are to be built around rules for the recognition and measurement of assets and liabilities, not the allocation of transactions to accounting periods by the matching of items of income and expense.

Consistent with this perspective, the ASB appears to favour current valuations in preference to historical costs. Their approach seems to be to try to make the balance sheet more like a statement of wealth, with the movement in net assets being the priessentially an exercise in valuation.

I take a different view of the purpose of company accounts. I do not see them as trying to value the busioess, or even to value its individual assets, but simply as reporting the results of the transactions the company has entered into. It is for the market-place to value husinesses; it is the role of accounts to provide some (and only some) of the information the market needs for that purpose.

Companies are generally valued, not by reference to their assets, but on the basis of the stream of cash flows which they are able to generate for their stakeholders. The financial reporting priorities which are rele-vant to this should focus on the profit and loss account more than the bal-

This is in fact how accountants have traditionally approached the task of preparing accounts: by analysing the transactions recorded in the company's books and using the matching and prudence concepts to allocate them to periods, not by conducting an inventory of its assets and

Because of this different perspective, I see historical costs as possessing a relevance which the ASB does not acknowledge. Historical costs represent the amounts at the time a company's transactions were actually undertaken and which gave rise to its actual cashflows. In contrast, current values are often more in the realm of opportunity costs.

agree that there can also be a place for current value systems of

BOWATER

mary measure of performance. Finan-cial reporting, from this standpoint, is don historical cost accounting as the basis of the principal financial reporting model. In any case, it can always be supplemented by valuation information in the form of additional note disclosure if this is thought to be

> Perhaps memories are too short. Previous efforts to introduce systems of current value accounting, both in this country and elsewhere, have been imhappy experiences. The infla-

Trying to start with the balance sheet is like building a house from the roof downwards

tion accounting saga of the late 1970s and early 1980s was generally regarded as an embarrassing fiasco and did considerable harm to the

standard setting process thereafter.

Valuations which are not verified by actual transactions are bypothetical and sometimes too far fetched to have much relevance to the business whose accounts are being presented. The business community's faith in the reliability of property valuations has been shaken by the turmoil in market conditions in the last few years, for instance, while the problems of valuing assets such as brands are even greater.

Apart from these measurement issues, there are some other respects in which the balance sheet and the profit and loss account approaches to accounting diverge. This is because the ASB's proposed definitions of assets and liabilities will sometimes create a conflict with the matching and prudence concepts which form the basis of existing generally accepted accounting practice in the

For example, FRS 3, the new standard on the profit and loss account, does not allow any provision to be made for the expected loss on sale of a business until a binding sale agreement has been concluded. The argument is thet there is no liability until that point. But prudence would suggest that the loss should be provided for as soon as it can be foreseen, even if the contract has not yet been

In my view, the allocation of transactions to the profit and loss accounts of successive accounting periods should determine what goes in the balance sheet, and not the other way

Some people may see this as an irrelevant distinction, arguing that the choice of route makes no difference, because you come back to the same answer. But the balance sheet under the matching approach which I prefer will include deferred items which do not meet the ASB's definitions of assets and liabilities, and should be seen more as a statement of residuals than as a statement of

The practical difference between the two approaches emerges in some of the more complex areas of financial reporting, such as accounting for deferred tax, foreign currency hedges or pension costs.

For example, under the matching approach which forms the basis of

present accounting practice, the cost of any past service pension enhance. ments is deferred and amortised over the future working lives of the employees who benefit from the enhanced award. In contrast, under the balance sheet approach the increased cost would have to be written off immediately, because it would not meet the ASB's definition of an

Does it matter if the balance sheet includes such deferred items? Should it not be confined to "real" assets, as the ASB proposes? It might matter if it were ever possible for a balance sheet to show the wealth of a company in the first place. But except for investment trusts and similar companies, this is an unattainable goal.

At best, accounts can be expected to present only a rather stylised model of a company's financial affairs. We should never forget that financial reporting is not an end in itself, but simply a means of presenting information which allows its readers to gain an understanding of the commercial reality which lies behind it.

The most tangible expression of this reality is to be found in the cash flows which the company generates and the transactions which give rise to them. It is these transactions which users of financial information really need to understand, and which should provide the starting point for the preparation of the accounts.

Trying to start with the balance sheet is like building a house from the roof downwards.

Ron Paterson is a partner in the technical services department of Ernst

whiteheadselection

Chief Accountant

London

£55-60,000 + options and benefits

Bowater is a leading international group with successful businesses in Packaging, Print, Coated Products, Tissue, Building and Engineering. Its strength is in advanced design and manufacture of specialist elements for products which call on many technologies. Turnover is c.£2bn.

Reporting to the Group Controller, with a team of fifteen staff, the position combines an interesting mix of technical input with management responsibilities. Specific accountabilities include all consolidated financial and management accounts, liaison with Regional Finance Directors/Controllers, interpretation and dissemination of new accounting standards throughout the Group and updating systems as necessary. In addition, the role will include ad hoc activity, such as providing support for Stock Exchange circulars and rights issues and assisting in the integration of newly acquired subsidiaries.

Aged mid-thirties, and a Chartered Accountant from a large corporate or Big 6 firm, you will bring technical excellence including knowledge of UK/US accounting standards and experience of working as a user of advanced IT systems. A team player, you will be a self starter, capable of effective delegation with excellent communication skills and personal stature. Potential for future career development with Bowater is excellent.

ease write enclosing full CV, quoting reference 647, to Nigel Bates Whitehead Selection Ltd, 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company:

whitehead selection

Financial Consultant Bermudian Financial Services Group

Advising on the preparation of project proposals.

 Our dient is a well known Bermuda based finance group, it provides a broad range of financial services to international clients. As a result of the expansion of the business to the Baltic States, a Financial Consultant is sought to act in a liaison capacity between the services company and its shipping client.

The successful candidate will be based in the offices of, and working closely together with, the President of the shipping company but keeping in daily contact with the services company in Bermuda.

Baltic States

■ The key objective of this unique role will be to provide sound day to day financial support to the President of the Company and to assist in the design and implementation of the treasury and cash management function. This is very nands on role requining the preparation of daily treasury reports and regular

cash flow projections.

Ideally with international shipping finance experience, candidates should be ACA/CPA/ MBA qualified and be conversant with the formulation of cash and investment management policies and banking relationships. Previous exposure to an Eastern European environment together with a second European language would prove beneficial.

£40,000 + Expat Package

■ Please send your curriculum vitae, together with an explanation of how you believe you meet the criteria of this post and include details of your current salary to Suzanna Karoly, Ernst & Young. Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference SK477,

II ERNST & YOUNG

FINANCIAL ANALYSIS MANAGER

A unique career opportunity with a major privatised Hungarian Corporation

factory operations to deal with costing issues.

HUNGARY

Well established in Hungary our client is one of Central Europe's most profitable printed packaging companies. The parent is one of the largest industrial groups in Europe. Privaosation in 1990 and a series of international debt and equity offerings has enabled it to further expand the business both through acquisition and organic growth. Sales are set to increase by 50% over the next year.

New **Position** A new position has been created for a Financial Analysis Manager to assist the process of modernisation and increased professionalism being promoted in the financial department. Working closely with the CFO in setting up and developing computerised costing systems and other applications for financial control and analysis, you will also liaise with personnel in the

The successful candidate should be a graduate, preferably with an MBA or CPA, fluent in English & Hunganan, with strong working knowledge of computer systems. First class analytical and communication skills together with the ambition to succeed will ensure an outstanding career with the corporation.

Interested candidates should write, enclosing a CV and quoting job ref 9917, to Fiona Davidson at:

Nicholson International [Search & Selection Consultants], Africa House, 64-78 Kingsway, London WC2B 6AH, or fax on 071 404 8128. Alternatively call first for an initial discussion on Q71 404 SSQ1.

NICHOLSON INTERNATIONAL

Holland Spain Germany Italy Turkey

BROAD IMMEDIATE CHALLENGE - EXCEPTIONAL CAREER OPPORTUNITIES

Our client, an expanding Division of a major UK plc, is seeking experienced individuals to undertake the evaluation and appraisal of

and new businesses, in the UK and worldwide.

As key members of a small highly qualified team, these roles will have an exceptionally high profile within the organisation involving exposure at the most senior levels across a range of businesses and both external parties. Key responsibilities will include.

Review of a balanced portfolio diorganic projects and acquisitions across a rangen businesses and confirms.

Provision of a sophisticated analysis financial modelling and corporate finance evaluation service.

Development of investment appraisal techniques and evaluation systems to support the Division's requirements.

Individuals with the experience and drive to rise to the challenge of a small point would be a support the Division's requirements. Individuals with the experience and drive to rise to the challenge of these positions, should send their CV, together with a note of current salary, to Shirley Knight BA, MBA, ACMA, at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

AMERICA THE PSD GROUP

SENIOR APPRAISAI ANALYSTS

WEST **MIDLANDS**

£30 - 40,000 PLUS CAR ANDRELOCATION

NORTHERN HOME COUNTIES

c £40,000 + CAR

This highly successful infernational manufacturing group is continuing to expand its European activities and now seeks to strengthen the European finance function.

As European Financial Controller you will assume full responsibility for all European finance matters, ensuring consistent policies and controls are in place throughout all operations. There will be a strong emphasis on the implementation of European accounting systems and the development of standardised reporting.

A qualified accountant, you should possess broad based financial management skills, ideally gained from the manufacturing sector, and have previous experience of managing o small team. Knowledge of European

accounting requirements and previous experience of Implementing mid-range occounting packages is also required. A good communicator, you will possess the appropriate interpersonal skills necessary to tuttil a pan-European role.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS995 on both envelope and letter.

SECURITIES BUSINESS ANALYST Premier US Investment Bank

£30,000 full Banking Benefits

Our client is one of the leading US Investment Banks with net income exceeding \$1 billion. The London office is home to a oumber of major product and industry specialist functions and is also the location for the European

The unprecedented success of the Securities division has lead to the development of a new role in the Business Analysis Team. Responsibilities cover a wide range of sales & trading areas including Bonds, Foreign Exchange and various Derivative Products but with particular emphasis on the Fixed Income areas,

Working very closely with the dealers, you will be responsible for providing risk management reports and exposure reviews, co-ordinating the work of operations to ensure a full understanding of complex trades, P & L reporting, analysis for specific products and developing a proactive approach with the front office to ensure that full support is given and strong financial management controls implemented throughout the division.

Suitable candidates are likely to be qualified accountants having already gained exposure to some of these product areas, either via time spent in public practice with City clients, or having worked for a financial services company gaining exposure to the sales and trading areas. Relevant experience may be traded off against a professional qualification if substantial enough (age indicator

For a confidential discussion or to apply, call Howard Foster on 071-387 5400 (eves 0727 855639) or write/fax your CV to Financial Selection Services, Drayton House, Gordon Street, London WC1H OAN. (Fax: 071-388 0857).



FINANCE

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FINANCIAL SERVICES

Harrison Willis has great pleasure in inviting all qualified ACA's (including Finalists) with up to three years post qualification experience to attend an informal Careers

> Evening at the Barbican on Thursday 30th September 6.00 - 9.00pm Drinks & Buffet. Entrance by invitation only.

For full details and to reserve a place ring Jenny Ogden, Simon Clarke or Jonathan Astbury on 071-629 4463. Evenings & weekends ring 081-769 1969 or 071-702 9672

PE2 HOTLINE 071-629 4463



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HARRISON 1/2 WILLIS FINANCIAL RECRUITMENT CONSULTANTS

39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463 LONDON . READING . GUILDFORD . ST ALBANS . BRISTOL . BIRMINGHAM







Windsor Attractive salary ∸ Car

+ Benefits 65% International Travel

South Beds

Our client is a successful, acquisitive, international,

Times Top 100 industrial group. The company has

restructured to accommodate growth and the

changing demands of its business resulting in an

outstanding opportunity for an Italian speaking

Reporting to the Group Financial Controller, the

successful candidate will be a key member of a small

highly qualified team dedicated to adding value to

Improving control, reporting standards and cash

· Screening capital and major revenue projects.

Controller to join its corporate headquarters.

the Group's portfolio of businesses.

Specific responsibilities will include:

IT strategy and systems review.

Reviewing business unit finance

organisation staffing.

Planning and performance evaluation.

management.

A leading industrial manufacturer, Illinois Tool Works Inc. is a highly successful Fortune 200 Company, with an outstanding record of growth and innovation.

Due to the expansion of its International Audit Department, a number of exciting opportunities have arisen for ambitious young Finance Professionals.

Performing a range of highly challenging and commercially orientated review assignments, you will analyse both financial and business issues across all operating subsidiaries; thus impacting on the efficiency and profitability of all areas of the Business.

Reporting to the Manager of European Group Audit, these are seen as high profile roles within the Group. The successful candidates will be qualified ACAs/ACCAs, (ideally aged between 24-30) with fluency in either French or German and exposure to corporate tax.

These challenging appointments demand excellent communication, accounting and analytical skills, combined with strong management presence and a flexible approach. Success in these positions will lead to further career enhancement within the Group.

c £50,000 + FX Car + Benefits

Prospective candidates must be fluent Italian

speakers educated to degree standard with a

in process or high volume manufacturing

Direct experience of Italian accounting

In return the company offers generous

environments.

recognised UK finance qualification. Probably aged 32-42, candidates will demonstrate a strong track

record involving financial control preferably gained

conventions would be highly advantageous and

travel. Personal qualities will include ambinion,

energy, drive and a resilient outgoing personality.

remuneration (including full relocation package)

within finance and possibly general management.

Interested candidates should write to David Head

(Regional Manager) at Michael Page Finance,

Centurion House, 136-142 London

Road, St Albans, Herts ALI ISA.

and outstanding international career prospects

candidates should be prepared for 30-40% overseas

For further information and a confidential discussion please contact our consultant Justine Aspey on 071-387 5400 (evenings 081-761 8375) or write to her at Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 071-388 0857.)

Financial Controller

(Italian Speaking)

Michael Page Finance Specialists in Financial Recruitment on Bristol Windsor St Albans Leatherbend Bird

The Auditing Practices Board

Technical Project Manager





DEVELOPMENT OF NEW COMMERCIAL **OPPORTUNITIES**

Our client, a major UK based plc, has been progressively entering the international arena and developing its businesses worldwide.

This will require significant interface with divisional and corporate finance colleagues.

Individuals who possess the skills and flair to undertake this demanding role, should send their CV, together with a note of current salary to Shirley Knight BA, MBA, ACMA at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

key accounting, reporting and control systems for this growing Business Unitand the provision of ongoing management information for both financial and MIDLANDS

To enhance and build on its achievements to date, it is seeking to recruit a highly motivated Finance Manager, who will be responsible for consolidating and enhancing the financial support for the International Ventures Team.

Reporting to the Freetor International Group Level, your printary responsibility will be to establish, lead and modeling Mergers and acquisitions support

Mergers and acquisitions support

Project appraisal and modeling.

Structuring project financial proposals

This will require significant interface with

You will also be responsible for maintaining



Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Finance Director Designate

To £50,000 + benefits West London area

This privately owned timber trading and distribution company has grown steadily and always been profitable. The business is essentially a simple one - buying and selling - but the demands on the finance function are complex:

- Several autonomous subsidiaries, associate companies and a range
- of agency agreements Over 350 customers and their
- associated credit control International suppliers generating
- demand for foreign exchange A high level of stock with implications for cash flow and

needed to join at or near to Board level and head up the finance function. Initially concentrating oo upgrading management information, you will also be responsible for working capital management, treasury and IT.

Probably aged 35-45, you will be able to demonstrate: A wide range of experience,

- possibly gained across several industry sectors
- An affinity for the collection, analysis and presentation of
- management information
- Successful control of overseas exchange tisk Effective management of cash flow

Control of the Contro

probably don't wear a jacket! You prefer management with a human face and enjoy working as part of an informal team. Your commercial effectiveness is based oo an intuitive business understanding. If you feel that this is you, please

you keep an open door and you

Your personal style means that

write and argue your case, enclosing full CV and remuneration details and quoting reference D/0037 to: Mark Hartshorne Executive Search & Selection Price Waterhouse 19 Cornwall Street Birmingham

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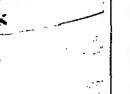














and Republic of Ireland. The APB membership comprises both auditing practitioners and non-practitioners (including representatives from leading City institutions) and this signals the APB's commitment to advance standards of auditing in the public interest.

the augusting tractices board (AFB) was formed two years ago to the auspices of the C.C.A.B. It is responsible for developing and issuing professional standards for auditors in the United Kingdom

ng Practices Board (APB) was formed two years ago under

The role of Technical Project Manager has come about as a result of the increased scope that the APB has raken on, resulting in a growing number of key projects being developed by the APB.

The team currently consists of four professional members with additional administrative support and it is essential that the successful candidate will make a positive contribution to this team.

Working closely with a very high profile board of members, the jub will demand an individual with a strong ation of technical and interpersonal skills.

cifically you should be A Chalified Accountant with a minimum of five your post qualified experience.

Ideally currently, or recently, working within the technical

depurament of a leading firm of accomments.

A first rate academic background coupled with a proven track record in dealing with technical matters. Evidence of report

writing skills will be a pre-requisite.
First class interpersonal skills are necessary to work successfully at the interface between technical working parties and the main

up to £40,000 + Car

the energy to co-unlinate a number of projects simultaneously. if you feel you meet these criteria and are interested in meeting the challenges that the APB has ahead, then please contact Matthew Leedham at Michael Page Pinance, Page House, 39-41 Packer Street, London, WC2B 5LH with a full rechnical curriculum vitus or Telephone him on 071 831 2000.

The ability to be able to think laterally and imaginatively and have

Michael Page Finance

Specialists in Financial Recruitment

"A FAST TRACK ROLE IN A MULTI MARKET LEADING GROUP"

NORTH WEST

C £32,000 + CAR



DAVID LOOTS

associates ltd Recruitment Consultants

Our client, part of a growing, profitable and high profile British PLC with a turnover in excess of £1bn, is a multi site, service based manufacturing and sales organisation. It is embarking on a period of rapid organic growth. To support this growth and increase the efficiency of the finance function they wish to appoint a commercially rounded finance professional.

B3 2DT

Reporting to the Pinancial Controller and supported by staff of 23 you will be expected to impact on all areas of the busioess. Initially you will be required to focus on management accounting areas where your key tasks will include: undertaking a complete review of all aspects of the management accounting process and procedures prior to a major computer system upgrade; ensuring that the quality and timeliness of all management information meets stringent group and company criteria; and leading your department in a manner which develops the skills of your staff whilst ensuring the business' needs are met. You will also undertake company and group driven ad hoc exercises which will regularly expose you to key

The successful candidate will be a qualified accountant, ACMA/ACA, aged 28 - 35 years, with strong analytical, technical and communication skills. You will have gained a minimum of 5 years' experience in manufacturing and service environments where you can demonstrate that you have brought about change which materially improved the efficiency of functions under your control.

Personally you will be seeking to join a management culture which rewards performance and success, stimulates initiative and encourages endeavour.

To apply, please send a full CV to Chris Davis quoting ref. DL165 at David Loots Associates Limited, Furness House, Salford Quays, Manchester M5 2XJ.

FINANCIAL CONTROLLER **Director Potential**

W. Herts.

c.£40K + Significant Bonus + Car

This opportunity axists within an autonomous division of a British plc. Operating in niche, high added-value electronics, this international business continues to achieve rapid, profitable growth through being marketled and quality-driven. Investment in success is exemplified by a demanding programme of new product development and international expansion.

The Controller will be a critical contributor to the continued success of the business at both group and company level. Candidates must possess strong business acumen together with provan Controllar ex-perience and be comfortable in a questioning, high achieving managament leam. General management potential will be apparent.

Suitabla candidates will also possess:

Significant manufacturing background International experience including knowledge of accounting standards

Expariance of European business culture

Commitment to innovative people-cantred management principles

Thorough knowledga of computerised business

The ability to be a good team worker, leader and communicator

Fluency in a major European language would

You will be a qualified accountant, degree educated, aged 30+ with a successful track record to date, together with the determination to contribute and succeed in this very ambitious environment. The salary, bonus and benefits package reflect the importance of this role.

Please write, in confidence, enclosing full career details and present salary to Peter Lewis at Line Management Resourcing. As applications will be forwarded to our client, please specify in your covering letter any companies to which your details should not be sent.

Line Management Resourcing

Canada House, 272 Field End Road, Eastcote, Ruislip, Middx HA4 9NA

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UK CONTROLLER, COST STRATEGY

EAST ANGLIA - £40-£50K + BONUS + BENEFITS + GENEROUS RELOCATION

Our client is one of Europe's largest servicebased companies, with a substantial and highly successful UK division currently turning over £1.4 billion. Their unique market position bas been achieved by acquisition, a consistent commitment to quality and a wide portfolio of leading edge products and services.

To maximise their market leading position in the UK, a role has been created for an experienced Finance Professional operating at Senior Management level encompassing seven divisions with a team of 4,000. You will take responsibility for the initiation, development and implementation of cost control throughout the UK arm of the business.

This is a highly visible and influential position and requires the highest level of financial management and systems expertise, coupled with exceptional interpersonal skills.

You will be a Qualified Accountant (ACA/ ACCA/CIMA) or MBA aged 32-40 with a successful track record of achievement to date, or relevant experience in a large business.

You can expect a stimulating, challenging role with genuine scope for real achievement and advancement in a rapidly changing environment. There is superb potential for career progression and development in the short term.

If you feel confident of your ability to deliver in this demanding environment please telephone, send or fax your CV quoting Ref Number JL3001 by 24th September to COOPER LOMAZ RECRUITMENT, ADVISING CONSULTANTS, BAXTER COURT, HIGH BAXTER STREET, BURY ST EDMUNDS, SUFFOLK IP33 1ET TEL: (0284) 701302 (24 HOURS AND WEEKENDS)

FAX (0284) 701306





Birmingham

Head of Treasury Management Accounting

New position to establish, control and direct the financial management of the TSB Bank Treasury soon to be established in Birmingham. Highly responsible professional challenge with significant influence on the use of assets and the understanding of risk in a large treasury. Substantial investment in new systems and technology. Active role in the future direction of the Treasury as part of a young, lively finance team.

Responsible to the Director of Financial Planning and Reporting for the establishment of new procedures, controls, reports and information as a member of the initial project team. Strong working relationship with the Director of Balance Sheet Management

Up to £50,000

- Exercising effective financial control over Treasury operations. Establishing close working relationships with senior Treasury and finance professionals
- Continuously developing timely, accurate, value-added information for senior management. Managing the budgeting and forecasting process.
- Top Right graduate accountant, ACA/ACMA with rience in a blue chip banking treasury. First class technical accounting skills and knowledge of treasury
- Rigorous analyst and financial planner with record of accomplishment in the development of new systems, reports and controls. Intellectually capable and able to harness the resources of diverse professionals.
- Independent and robust personality able to influence effectively at the most senior levels. Highly developed

on 071 973 8484 T 061 499 1700

Selector Europe



SAMUEL MONTAGU

CORPORATE FINANCE EXECUTIVES

CITY

Samuel Montagu is part of the Investment Banking arm of the HSBC Group, one of the ten largest and most stroogly capitalised financial services organisations in the world. The Corporate Finance department has an unrivalled reputation for its creative approach to financial opportunities. This ability is derived from the experience of a highly professional team.

The department offers advice to a wide range of

companies throughout the UK and internationally. With the Group's substantial resources, Samuel Montagu has the capacity to underwrite and finance transactions of all sizes.

This company wishes to recruit a small number of high calibre executives. The successful candidate will:-

 be a recently qualified accountant or solicitor from a large professional practice, or a graduate

with up to two years' corporate finance experience in another leading city institution

- possess the necessary commitment and drive to succeed within this team based environment
- demonstrate ao informed interest regarding recent major developments within the UK Corporate Finance Market

Io return, a highly attractive package is on offer and promotion opportunities will only be limited by the successful candidates' level of achievement.

AGE 23-27

Interested applicants should write to Stephen Grant (fax 071-915 8714), enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

Finance Director

Doryl lodustries Limited is a successful, lodependent Wirral-based company which designs and manufactures a comprehensive range of bath and shower enclosures. We sell principally to builders' merebants and specialist retail outlets and are known throughout the sector for excellence in design, product quality and innovative marketing.

The company now wishes to appoint a Finance Director who will complement the existing Board members and complete a powerful teato helping to achieve planned profits by developing new products and expanding sales both in Britain and abroad.

Candidates should be graduate chartered accountants oged 40 or under with experience in the manufacturing sector and skills including product costing, budgetary and floanciol control in a computerised environment. You will need to demonstrate the ability to contribute at Board level in o business where DARYL change is the norm and success is demanded.

Planned salary is c£40,000 pa including boous, company car and

Jones, Grant Thornton Management Consultants, Heron House, Albert Square.

Apply, including details of your career and quoting reference 6521 to: Brian

FINANCIAL CONTROLLER

Join a successful management buy out team in the insurance industry

Lombard Continental Insurance (UK) is poised at the most exciting point in its 150 year history. Backed by a number of blue chip venture capital providers including Electra, Phoenix Fund Managers and BancBoston Capital, the company has recently undertaken a successful management buy out and is poised to reap the

The key to this growth is contained in the qualities of each team member. A new position has been created for an ambitious finance professional. Working closely with the l'inance Director as an integral part of the senior management team, your responsibilities will include both o strategie and operational input. Particular emphasis will be on increasing the operating efficiency of the management accounting, systems and credit functions, whilst in the medium term, participating fully in the necessary strategic planning to facilitate the next phase of the development of the company.

Candidates must be qualified Accountants of graduate calibre, aged 32-45, with a proven track record in financial management within a practice or the financial services industry, ideally with some experience of a ple environment. Highly developed judgement, interpersonal and communication skills are vital both in managing the internal team, working with other functions, and commonicating with investors.

For an Initial discussion in strictest confidence please contact Richard Alderman, quoting reference 4808 at De Liste Stephens, 20 Cousin Lane, London, EC4R 3TE. Telephone 071 236 7307 or fax 071 489 1130. Please note all CV's will be forwarded to our retained consultants.



Price Waterhouse



EXECUTIVE SEARCH & SELECTION

Corporate Treasurer

Major Publishing Group Up to £50,000 + benefits London

This well known publishing group has a turnover of £% billion and . healthy pre-tax profits. With a number of leading publications within the group, it is entrepreneurial in outlook and now poised for further development

Reporting to the Finance Director, this high profile individual will play a key role in respect of the organisation's financing. Responsibilities will include:

- Relationships with banks over debt financing
- Negotiations over lease finance
- Management of debt cost Development of strategy on treasury issues

In the longer term, activities will focus oo the establishment and negotiation of a new debt portfolio, including access to the commercial money market.

To fulfil these requirements, we seek an experienced treasurer with a strong track record in debt management, which should include a network of banking contacts. Treasury experience could have been gained in either a corporate or

banking environment and you will see this as an opportunity to control your own treasury function in a major and forward looking

Please write, enclosing a full CV and quoting reference J/1396, to: Judith Richardson Executive Search & Selection Price Waterhouse Milton Gate 1 Moor Lane London EC2Y 9PB Fax: 071-638 1358

FINANCIAL CONTROLLER, MARLOW Minimum £26,000 + Performance Related Bonus

Our client is a market leader in the Wireless Data Communications Industry and a subsidiary of a Canadian Public Corporation. The recent formation of a UK Group of companies has provided an emerging growth situation for the Company to develop its current and future products within

Reporting both to the Chairman, UK and the Secretary - Treasurer, Canada, an opportunity has arisen for an ambitious accountant to set up the accounting function within the UK. Initially, your responsibilities will include the design and implementation of a new Group accounting system, including the establishment of effective budgeting, cost and financial control procedures. Ongoing responsibilities include external reporting, preparation of consolidated financial statements, reporting to the Canadian Parent Company, tax administration and liaison with a variety of outside institutions. There is potential for the right candidate to become increasingly involved in the overall management of the UK Group once the accounting function is fully

The successful candidate will be ACA qualified with a minimum of 4 years post-qualification experience. At least 2 years will be within industry. You will already have experience of setting up new accounting procedures, preferably within a small company environment. You will also be computer literate. This role requires flexibility, as in the initial stages a hands-on approach is required. For the longer term, you will have breadth of vision coupled with integrity which will enable the organisation to continue to grow and develop within its field.

Saffery Champness ONSULTANCY SERVICES LIMITED To apply, please write, explaining why your experience nd approach would be suitable or this role, enclosing a full CV Suc Jeremy. lessrs Seffery Champness. Fairtax House. ulwood Place, aray s inn. London WC1V SÚB.

MANAGEMENT ACCOUNTING A KEY ROLE WITH AN INTERNATIONAL FOCUS

Central London To £38,000 + car

This Emulti-billion turnover ple currently has this opportunity for a Management Accountant to join one of its key business areas which provides financial services for its UK-based operations, international consultancy and

in this high-profile role which has a strong international focus, you'll provide a comprehensive management accounting service to all parts of the business, analysing and interpreting ficancial results, and defining and developing management reporting requirements.

A qualified accountant, you should have around five years' post qualification management experience, and sound knowledge of management and financial accounting procedures, and computerised financial systems. Able to work to tight deadlines, your strong interpersonal skills should be supported by excellent leadership ability.

Salary, depending on experience will be in the range £30,000 to £38,000. A generous benefits package will be offered including car, profit sharing, pension and relocation assistance where appropriate.

To apply, picase send full cv quoting reference T5093/FT. Address to the Security Manager if listing companies to which it should not be sent. PA Consulting Group, Advertising and Communications, 123 Buckingham Palace

Page Consulting Group

Creating Business Advantage

APPOINTMENTS WANTED

SPAIN

Qualified Finance Professional (32) seeks position in Spain. Experienced in European Controlling, Analysis & Planning. Last 4 years resident in Germany and Spain. Fluent in Spanish & German. Write to Box. \$1694, Financial Times, One Southwark Bridge, London SEI 981L

EUROPEAN FINANCE DIRECTOR

secks role managing expansion of international group in Europe successful CPO of European service sector business
M&A and negotiation experience in all major cuuntries. hands-on track record as FD covering

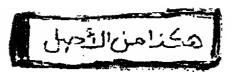
Planning multi-currency card, processing or payment systems? Results driven finance and operations manager has successfully setup and managed such systems. For more details. write in strictest confidence to Box No. 1693, Financial Times, One

Southwark Bridge,

London SE1 9HL

EUROPEAN FINANCIAL CONTROLLER Graduate, ACA, Age 36, lively, hands

> Please write to Box B1679, Financial Times, One Southwark Bridge,



Finance Director Designate

A 20.00 11 MAPP 12 1803

c£40,000 CAR, **EQUITY POTENTIAL**

NORTH WEST

An outstanding opportunity for a proven finance professional to assume both a functional and a commercial role in a business which is poised for considerable growth. The organisation is engaged in the creative design and manufacture of pointof-sale display equipment which is supplied to an extensive blue-chip customer base.

You will manage a small finance department and work closely with the directors in the pursuit of improved business performance and operating efficiency. Key issues within the full spectrum of financial management responsibilities include extensive interface with external finance bodies and bankers, the continued development of computerised costing systems, and a tighter control of working capital.

Candidates will be qualified accountants, aged 30-40, with an impressive background of Director/Controller experience which has been 'hands-on' applied in a small/medium sized company. The successful appointee will be a decisive and effective change agent with proven inter-personal skills and a strong boardroom presence.

Please send a comprehensive CV (or telephone for an application form) to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 21.F. Tel: 061-839 2000, Fax: 061-839 0064, quoting ref. F.T.881.K.

Howgate Sable

SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS



MULTI-SITE WHOLESALING

c£55,000

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Only qualified accountants, probably aged over 35 with a first class career record including experience with a major consumer product retail/wholesale chain, will be considered. A high degree of accounting and IT competency is demanded coupled with the social and communication skills necessary to operate at plc 8oard level, but above all we seek an ambitious commercial manager.

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October 1993 to: Richard Langford, Director, Newchurel & Company Ltd, 12 Charterhouse Square, London ECIM 6AX

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FINANCE DIRECTOR

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The eppointment of a high calibre Finance Director is essential to the future expansion plans of our client, a market leader in the manufacture of branded consumer goods. The organisation is lean, profitable, ideally poised to enjoy a period of dramatic growth and expects to obtain a listing within the medium term.

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Applications will only be considered from greduate Chartered Accountants, aged 30-40, who can demonstrate proven expertise in statutory reporting, corporate finance, mergers and acquisitions and I.T. matters. Outstanding interpersonal skills are a prerequisite. Initially based in Scotland, flotation plans may necessitate e relocation to the South East within 2 years. The excellent benefits package will give scope for equity involvement.

For further information please contact Malcolm J. Hudson on 071-831-2323 or alternatively, forward your CV in confidence to Hudson Shribman at Vernon House, Sicilian Avenue, London WC1A 2OH (Fax 071-404-5773).

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Applications are invited from graduate ACAs aged 26-35 who can demonstrate sound technical ability, have a strong treasury bias and who have a pro-active approach to making a real contribution to business. A minimum of 2 years relevant post qualification experience is desirable as is practical experience of multicurrency, treasury and investment matters.

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Our client, a large and diverse trading plc, is currently witnessing a significant upturn in their UK and European operations. Historically they have demonstrated continued growth in this highly competitive marketplace through acquisition and on-going development of

In order to capitalise on projected growth, they are now seeking to recruit an innovaoive Business Planner. Reporting into senior management, this is a pivotal role responsible for the development and implementation of strategic plans, short and long term forecasts, analysis of competitor markets and the identification of new target businesses.

The ideal candidate will probably, but not necessarily, be a graduate qualified accountant and will have first class commercial skills. This pro-active role involves extensive liaison with external partners, therefore in addition to good financial modelling skills you will also be expected to be a superb communicator. This is an exceptional opportunity within a major UK company and carries a comparable

For further information please contact Keith Tracy on 0444 416636 or alternatively

fax your CV to him on 0444 416002

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Group Chief Accountant

Hi-tech Multinational

£45,000 to £50,000

Thames Valley

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Our client is a hi-technology organisation operating in the global marketplace.

As one of the world's leading manufacturers and suppliers in this field, the Company is achieving dramatic growth in revenue and profitability.

Expansion has created the need to recruit a Group Chief Accountant with overall responsibility for managing the Group Accounting function.

Key tasks are to:

▲ lead the development and improvement of group accounting systems and policies

- A coordinate the multi-currency consolidation of international sales and operational business units
- ▲ drive the monthly financial reporting procedures

£4.

A ensure compliance with annual and quarterly US GAAP and SEC disclosures.

Suitable applicants, from industry or practice will be aged 30 to 40, and will hold either an ACA or American CPA qualification. However, essential requirements include strong technical accounting and managerial skills, together with significant experience of US public company

Interested candidates should write, quoting reference number 16091, and enclose a Curriculum Vitae with salary details to: Tony Martin, Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS.

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Our Client is an acquisitive and expanding UK division of e major US - owned FMCG Corporation. Its enviable record of profitability and growth is driven by a clear commitment to product research and advertising. As part of its development strategy, a key role exists for a commercially minded manager, capable of instigating and managing change in a heavily marketing-led environment.

The appointee will be expected to increase the effectiveness of the management accounting function. He/she will improve the dialogue between finance. marketing and operations and greatly increase the Impact of financial information upon the commercial decision making process. Further responsibilities will include business performance reviews, co-ordination of capital expenditure proposals, input to the strategic planning process and control of efficiency of systems, procedures and staff.

Vital to the successful applicant's rapid progression within the company will be the ability to communicate effectively. Additionally, candidates for the role will be graduates, CIMA qualified and have a minimum of 5 years' FMCG or similar experience. Knowledge of US GAAP or Activity Based Costing would be ideal.

Interested individuals should write to Gerry Davies at Robert Half, Princess Beatrice House, Victoria Street. Windsor, Berks SL4 IEH. Alternatively, fax your details on 0753 841676. All enquiries will be treated in confidence.

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SIDNEY SUSSEX COLLEGE, CAMBRIDGE

OFFICE OF BURSAR AND STEWARD

The College intends to make an election to the combined offices of Bursar and Steward, the person appointed to join the College t February 1994 or as soon as possible thereafter. He or she will then

t February 1994 or as soon as possible thereafter. He or she will then work with the present Bursar and Steward, assuming the full responsibilides on I April 1994. The successful applicant will be elected simultaneously to a Fellowship of the College and will be an exoffice member of the College Council.

The Bursar and Steward is responsible to the College Council for all the financial and administrative aspects of the College's life and is centrally involved in all College policy and planning. He or she is also directly involved in budgeting and expenditure control, extering and accounts, buildings, financial and estates policy, assistant staff, conferences and appeals. It is also the invention of the College to create shortly a new post of assistant to the Bursar and Socward who will assume some of the immediate responsibilities for a range of the domestic duties.

domestic duties.

The scipend will be within the range of £27,000 - £35,000 p.s. and the election is for three years in the first instance, with eligibility for re-election for successive periods not exceeding five years at any one time. Further written particulars are svailable from the Master's Secretary.

Applications (10 copies), should be sent to the Master, Sidney Sussex College, Cambridge CB2 3HU, tel (0223) 338880, fax (0223) 338884, as soon as possible and should reach him by 22 October 1993 at the latest. Applications should be accompanied by a full curriculum uture and the names, addresses and telephone numbers of not more than three referres, whom the College can contact immediately. Testimonials should not be sent.

The Callege is an Equal Opportunities Employer.

APPOINTMENTS WANTED

FINANCE DIRECTOR/ CONTROLLER

ACMA with 15 years post-qualification experience in both large and small high-tech manufacturing and software companies, including experience of USA and European subsidiaries. Seeks new challenge in No 1 role (temporary assignmentsalso considered).

> Write to Box B1665, Financial Times, One Southwark Bridge, London SE1 9HL

Financial Controller

To £35,000 + relocation package

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. Wa also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from Industry, we are undartaking e drametic programme of change to bacoma a prograssiva, protassional end afficiant commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

As part of this process we need to recruit an outstanding Financial Controller for a high profile role in a £65M turnover business sector.

The Financial Controller will be a key member of the sector's management team and will advise the Director on ell aspects of financial and business management. The Financial Controllar will lead e learn of finance staff to provide sector management with the advice and Information needed to run the business and ensure effective financial control. This work will encompass the development of systems and controls, preparetion of budgets and the preparation, review and analysis of monthly reports.

Candidates should be graduate qualified accountents with a record of echlevemant gained in a similar role in a large corporate environment. Essential requirements are to manage change and to communicate effectively with professionals of other disciplines.

The appointment is for a fixed term of three years' and may be extended to

Please forward your C.V. together with a letter explaining how your skills and experience would suit you to this role, quoting reference FT/FC/1/93, to the Senior Staff Personnel Office, DRA Famborough, Hampshire GU14 6TD. Telephone (0252) 394612/394610.

Closing date for receipt of completed applications is 1st October 1993.



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FINANCIAL DIRECTOR

Cambridgeshire.

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Our client is a small but rapidly growing and highly profitable hi-tech company, operating in niche markets which offer exceptional scope for growth in the UK and internationally.

To move the organisation forward into the next phase of its development, the existing Board of Directors wishes to appoint a Finance Director with a proven track record in a fast-growing, competitive industry. The emphasis of the role will be on adding value to the commercial and strategic direction of the business, in addition to the firm management

- of the finance function. Other key tasks will include: · Implementation of systems to provide quality management information
- · Investment Appraisal on key strategic projects, including acquisitions
- Strategic Appraisal of business performance and

identification of key performance indicators. The appointment offers a rare opportunity for a dynamic individual who is a qualified accountant, probably aged 35 to 45, to make a rapid contribution in an exciting company through the provision of effective financial management and advice at Board level.

To apply for this position please send your Curriculum Vitae to Claire Holden or John Rose at the address below, quoting Ref: SA1814. Alternatively by fax on 0727 840662.

HARRISON # WILLIS

FINANCIAL & LEGAL RECRUITMENT CONSULTANTS 47 London Road, St. Albans, Herts AL1 11]. Fax: 0727 840662 IONDON - READING - GUILDEORD - STAUBANS - BRISTOL

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Western Car

We are acting on behalf of one of Hungary's leading textile Companies, recently privatised and re-financed. The Company produces sports and leisurewear for many of the world's leading brand names, as well as its own high-quality apparel. In addition, the Company has retail operations which are being expanded. Following the recent financial re-organisation of the Company, it now seeks to recruit a Financial Controller to work closely with the Managing Director, who is a British F.C.A.

Responsibilities will include the improvement of financial reporting and stock control systems, management accounting, forecasting and standard costing.

The candidate will be responsible for ensuring compliance with Hungarian accounting requirements and the production of accounts in international accounting format, and will manage a department of 22 staff. The candidate must be fluent in both English and Hungarian, (an understanding of German would be an advantage,

Experience of controlling an accounting department in a manufacturing environment is important, as are excellent

communication and man-management skills. Ez a állás ajánlat különösen azoknak a magyaroknak van cimezve, akik nyugati vällalatoknal dolgoznak és haza kivánnak térni.

For further information please contact Mr. Viv Blake at FSS Europe, Drayton House, Gordon Street, London WC1H OAN, England. Telephone number: (44) 71 387 5400. Fax. (44) 71 388 0857, sending a C.V. with a photograph.

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Accounting and Administration Manager

Estates Department

c£35k + car + benefits

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A Chartered or Certified Accountant, it is envisaged that you will already have a minimum of 15 years' accounting experience, a substantial amount of which will have been gained dealing with accounting and administration matters relating to a sizeable commercial investment and development property portfolio. Some knowledge of mortgage business would be desirable. Beyond the obvious qualifications the position demands a high

degree of judgement, maturity and the ability to communicate with others. In return, we offer an attractive salary and excellent benefits which include company car, free BUPA, non-contributory pension scheme, mongage subsidy scheme and subsidised restaurant, _

To apply please send your CV to Gill Welch, Personnel Officer, Friends' Provident Life Office, Pixham End, Dorking, Surrey RH4 1QA. _



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£25,000-£27,000

Based at our Head Office in Sevenoaks, Kenl, we require a qualified accountant to provide a first rate management accounting service in conjunction with the Financial Controller.

Your main tasks will be:

- Production of monthly management accounts
- Assisting with the budgetary process
- Accounting for "special needs" schemes

The successful candidate will:

- D Be a qualified accountant, ideally with at least
- 2 years post qualification experience O Have excellent verbal and written
- Q Be a proficient spreadsheet user

For further information and an application form please ring 0732 743909 (24 hour answerphone)

Closing date for all applications: Monday 27th September 1993. No CVs please. Mont is working to implement its Equal Opportunities Policy.

Our client is the Italian subsidiary of one of the world's largest banking groups. It offers a full range of financial and banking services such as M&A assistance, retail banking, stock exchange nons, investment management and equity and bond trading, etc, and is currently secting a

Reporting to the Chief Operating Officer, you will be the main contact point in the Finance area for all Treasury and Capital Markets issues with responsibility for;

MILAN

- Monthly control of all financial matters relating to Treasury and Capital Market Products
- Interest Rate and Currency Risk Mandate Exposure Reporting Documentation for Asset and Liability Management Merchant

Banking This is an excellent opportunity for a graduate in their

early/mid thirties with fluent Italian to join a dynamic

international group with outstanding future prospects. interested candidates should write in confidence **▲** Nicholson

to Christopher Stokes at: Nicholson International Italia (Search & Selection Consultants), via Cernaia 11, 20121 - Milano, Italy, quoting reference TC 3793, or fax details italy, quoting reference on 39-2-29010310. Faince Belgium

INTERNATIONAL

Czech Republic

September 15

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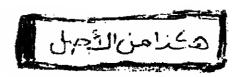
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FINANCIAL TIMES

COMPANIES & MARKETS

Friday September 17 1993 (C) THE FINANCIAL TIMES LIMITED 1993



INSIDE

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Olivetti goes for mobile phone market

Olivetti, the Italian computer group due to report first-half results next week, hopes to break into Italy's buoyant mobile telecommunications market. The Italian market is Europe's second biggest after the UK, with more than 900,000 subscribers. Mr Corrado Passera, joint managing director, has asked tha government to respect a European Community deadline to name a second operator for the GSM network by early 1993. Page 18

European equities trades rise

European bourses saw lumover rise for the third successive month in August, although the pace of increase slowed as the holiday season got under way, after the strong advances of the previous two months. Beck Page

NBC seeks Superchannel

NBC, the US television network, is in negotiations to takeover Superchannel, 64 per cent owned by the Marcucci family of Italy and 36 per cent per deal is expected to value Superchannel, the UK based European satellite group, at around \$70m (£45m).

Problems for Pechiney

Pechiney, Europe's higgest aluminium producer, is working with other producers to gather as much working with other producers to gamer as much information as possible about unexpected technical problems affecting plant installed at the world'e most recently-completed aluminium smelters, alt using the French group'e leading-edga technology.

Rise at Legal & General

A strong recovery in the performance of its general insurance business helped Legal & General, the insurer, to increase pre-tax profits from £72.5m (\$111.65m) to £75m for the first six months of 1993. Mr David Prosser, group chief executive, said the results "demonstrated the strong management actions taken to improva performance". Page

Wassall ahead 56%

Wassall, the UK conglomerate run by former Hanson executives, yesterday announced pre-tax profits up 56 per cent to £9,74m (\$15m) in the first half

Ports group almost doubles



Shares of Associated British Ports Holdings rose 16p to 452p yesterday on news of a near-doubling of profits from £15.1m to £29.4m pre-tax for the half rear ended June 30. Skr Keith Stuart (left), chairman, said the company now employed 1,800 peoreduction of about twothirds in 10 years. There

ance costs, he predicted, but nothing like on the

Market Statistics

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Benchmark Govt bur	xds	1
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Newmont Mining	48%	+	1	Kokusel Electric	2150	+	90
Placer Dome	18%	+	176	Felle			
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United Biscuits held to 1% increase

By Guy de Jonquières, Consumer Industries Editor

FIERCE price competition and a cost squeeze in the UK held United Biscuits, Britain's largest biscuits and snacks manufecturer, to a 1 per cent increase in pre-tax profits, before exceptionals, to £70.8m (\$109m) in the six months to July 17.

The result, against £70m last year, was acbleved in spite of buoyant performances in continental Europe and the Asia-Pacific region, and a modest recovery by Keehler, its troubled US subsidiary. The final pre-tax fig-ure was boosted to £133.5m by an exceptional £62.7m gain from the sale of Terrys, the chocolate manufacturer, to Philip Morris, the US food and tobacco group, this

Sir Robert Clarke, chairman, said trading remained intensively competitive and second-half UK profits were unlikely to show any year-on-year improvement. However, he expected a "satisfactory" increase in group profit for the

The biggest setback in the UK was at McVitie's, the biscuits division, where operating profit fell 9 per cent to £36.6m from £40m, reducing margins to 11.8 per cent from 14 per cent.

Mr Eric Nicoli, chief executive, said half the fall in margin was due to the failure to recover higher raw materials costs and half to increased marketing Details, Page 22; Lex, Page 16

expenses designed to check an

rosion of market share. The market share loss, which had been in McVitie's own-label husiness, had been reversed in the second quarter. However, UB expected lower margins to persist for the foreseeable future.

UK operating profit at KP, the snacks division, rose 2 per cent to £14.1m while Ross Young's, the frozen foods husiness, lifted profit by 6 per cent to £15.1 and increased its share of the British market.

Total UK operating profit fell 3 per cent to £59.9m

Recent acquisitions boosted operating profit in continental Europe by 36 per cent to £t3.7m, while Smlth's, the Australian snacks division purchased last year contributed a £4.7m profit.

In the US, Keebler's operating profit rose 22 per cent to £16m. But most of the recovery was due to Bake-Line, the newly acquired US own-label producer, and Keebler's sales of branded products

An increase in turnover of 20 per cent to £1.84bn from £1,53bn mostly came from international operations, which cootributed 55 per cent of sales and 36 per cent of operating profit.

Earnings per share rose to 17p from 9.7p, but fell to 9.5p after adjustment to reflect the exceptional gain from the Terrys' sale The Interim dividend is unchanged at 5.5p

Two Japanese trust banks set up securities units

By Robert Thomson in Tokyo

MITSUBISHI Trust and Banking and Sumitomo Trust and Bank-ing, the Japanese trust banks, yesterday took advantage of the country's financial deregulation to establish securities subsld-

Japan's five other trust banks are either planning new securi-ties arms or have shelved plans to establish new companies. This bighlights the effects on the banking industry of reduced asset values and the upsurge in non-performing loans.
Three banks said yesterday

that securities subsidiaries were "under consideration".

Toyo Trust and Banking said it had other prioritles, including dealing with non-performing loans.

Nippon Trust Bank said it had no plans to enter the securities Before the collapse of Tokyo

stock prices and the downturn in trading volume, most Japanese banks had welcomed the opportunity to enter the securities business provided by the Financial System Reform Act, effective from April this year. The entry of the two trust

banks follows the opening of market.

securities units in July by two long-term credit banks, the Industrial Bank of Japan and the Loog-Term Credit Bank of Japan, and by Norinchukin, the central agricultural bank.

However, the banks are strictly limited in the services they can offer. They can underwrite and trade in straight bonds, but only underwrite convertible bonds and warrant bonds, while they are excluded from the stock market. Both Mitsubishi Trust and

Sumitomo Trust will capitalise their subsidiaries, Mitsubishi TB Securities and STB Securities, at Y20bn (\$188m).

The former will bave 35 staff, rising to 65 next year, and the latter will begin operations with

Mitsubishi Trust intends to concentrate on dealing in Japanese government and corporate honds, but will review the operations if the Ministry of Finance further relaxes the limits oo the subsidiaries' dealings in the next two or three years.

The ministry has indicated that the restrictions will be gradually relaxed, but the timing will depend on the health of existing Japanese brokers, which oppose the banks' entry into the stock

Paribas arm loses role in Hungarian privatisation

By Nicholas Denton in Budapest

HUNGARY'S privatisation authority is striking Magyar Paribas, the local subsidiary of France's Paribas, off its list of

Mr Lajos Csepi, managing director of Hungary's State Prop-erty Agency (SPA), claimed yes-terday that Paribas had made "big mistakes" as consultant on the privatisation of Pannon Suto. a bakery. The SPA's clash with Paribas is

the latest in a series of disputes between the Hungarian authorities and western advisers. "This is just the same game they played with BZW," said Mr Peter Magyar Paribas.

The SPA sacked the UK's Barclays de Zoete Wedd as adviser on the privatisation of Kobanyai Sorgyar, Hungary's largest brewery, in November 1992. The SPA claimed, and BZW denied, thet the UK bank had ignored instruc-

More recently, Hungary's State agency.

Audit Office attacked the bandling by London-based Morgan Grenfell of the sale of Allami Biztosito, the state-owned insurer, to Aegon of the Netherlands.

The underlying charge against Paribas is that it should have stopped managers of Pannon Suto siphoning off the company's assets into their own private Magyar Paribas said it was

"absolutely innocent" and found the SPA's actions inexplicable. "I simply don't understand," said Mr Medgyessy. Pannon Suto is included in Hungary's decentralised "self-pri-

vatisation" programme, in which advisers are given extra freedom to set the terms for disposal with Medgyessy, director-general of a minimum of state intervention. Confusion surrounds the decision to exclude Paribas, which is uncertain about the extent of the ban. It is unclear whether the SPA had excluded Magyar Paribas just from Pannon Suto's sale. from participation in the self-pri-

Some speculated that LIG vatisation programme, or from all privatisation work with the

Deeper problems underlie current euphoria, writes Haig Simonian

dened computers recently suf-

ary. Investors have plled into equities as rates on government bonds have fallen in line with the international trend towards lower borrowing. That has prompted a bout of share huying unequalled since the mid-1980s when enthusiasm about company profits made Italy Europe's bestperforming stock market.

However, this time the corporate sector is in much worse shape: companies have borrowed more heavily, interest rates remain relatively high, aod Italy's 18-month political corruption scandal bas tarnisbed the reputation of many companies.
Unless there is reform in man-

agement, banking and regulation of many companies, the surge in share prices could be a bubble waiting to burst. Italy's banks have been taking

the brunt of criticism for the difficulties facing the corporate sec-tor. "The banks lent too freely in the late 1980s, when deposits were growing fast and bankers were falling over themselves to lend to companies to win market share," one foreign banker says. The legacy of that decision is immense debts that some groups are finding impossible to repay.

At least six of Italy's bestknown companies have had to turn to their bankers for help this year. Ciga, the luxury hotels group controlled by the Aga Khan, has stopped paying inter-est on over L1,000bn (\$638.56m) of debts and is trying to sell some of its best-known hotels to cut its financial burdens. The Camell family, which runs a shipping and commodities trading con-cern, and Arvedi, one of Italy's biggest steelmakers, are both trying to shed assets to meet debts of more than L1,000bn.

The need for corporate rescues has pinpointed serious flaws in the way banks lend money and the way in which many groups

Banks bave stumbled in extending credit too freely, without assessing the risks. Many credits have been tied to fixed assets, such as property, rather tban to casb-generating operations that have calculable returns. "With property prices diving across Europe in the past two years, it was foolish to think the same wouldn't bappen in Italy," the banker says.

Weaknesses have also emerged in the way banks monitor their lending. This year's financial crisis at Ferruzzi, Italy's second higgest private company, bas exposed some glaring lapses. Many banks were unaware of the extent of their loans to the sprawling Ferruzzi empire.

LIG falls after new profit warning

By Peggy Hollinger in London

ANALYSTS yesterdey slashed annual profits forecasts for London International Group from about £35m (\$53.90m) to £18m as the world's leading branded condom manufacturer issued its second profits warning in seven months and announced the early retirement of chief executive, Mr Tony Butterworth.

Earlier this year analysts had been expecting annual profits of about £40m. The shares tumbled 63p last night to close at 140p.

LIG, which was censured by the London Stock Exchange in May for issuing an informal prof-its warning to a select group of 13 brokers and four institutions, said yesterday difficulties in its photoprocessing business would leave interim profits "very sub-stantially lower" than last year. Mr Alan Woltz, chairman, said

the group had been disappointed by another poor season in the photo division, leaving it with a small loss in the half-year to September 30. The health and personal products division had been hit by recession and restructuring, Mr Woltz said. Gearing remained high, around 100 per

Analysis were taken aback by the extent of the warning and some were dismayed to see Mr Butterworth depart. "We did not expect trading to be that good but the extent of the shortfall is greater than we had expected." said Ms Jacqueline Cantle of Smith New Court, SNC estimated photoprocessing had incurred losses of £2m, in spite of cost savings of £6m-£7m in the past 12 months.

would dispose of or close its

Italian shares have climbed so sharply this summer that the stock exchange's overbur. Italian shares boom fered a three-hour breakdown under the weight of buy orders. Milan has been the fastest-rising bourse in Europe since Janu-



Credit controls are still not up to the best international standards and management information systems are often antiquated," says the international credit chief of one US bank.

Poor management information and an emphasis on growth at all costs have been evident at many of the companies now in difficulty. Ciga's debts soared largely because of a decision to expand and refurbisb three big Milan botels without adequately assessing the consequences if demand for rooms dropped. Opportunistic diversifications

were also common. The Camelis expanded into an array of unre-lated activities, including cash registers. And Ferruzzi, which is now staggering under debts of more than L28,000bn, expanded aggressively during the later 1980s, through a stream of takeovers and investments that moved it away from its core agricultural business into chemicals. pharmaceuticals, energy, newspapers, television and insurance.

Part of the reason for the costly diversifications was to enhance the image of the controlling Fer-ruzzi family. Determination to match industrial dynasties such as the Agnellis, who control the Fiat cars group, was a big influence on Mr Raul Gardini, Ferruzzi's former chairman, who killed himself in July.

Such lèse-majesté with shareholders' money has been facilitated by family domination of many companies. The Agnellis

still own about 30 per cent of Fiat, while policy at Ferruzzi, which is 48 per cent controlled by the founding family, was dictated first by Mr Gardini and then by Mr Carlo Sama, both sons-in-law of the founder.

While owner-managers can contribute greater commitment to a business and understanding of its operations than an outsider, they can also be liabilities. Some Italian owner managers find it difficult to distance themselves from their companies and deal with difficult decisions.

> n the case of Ferruzzi, ownermanagement may even have contributed to fraud. Milan magistrates investigating politi-cal corruption believe Mr Gardini authorised the payment of about L135bn in kickbacks to politiclans to secure favours in dealings with the state. Ferruzzi's new management, imposed by creditor banks in June, also believes executives and members of the Ferruzzi family deliberately covered up about L435bn in trading losses since 1989.

> Even when outside executives are brought into a company, their freedom of action is often limited by the management structures and the need to defer to controlling family interests.

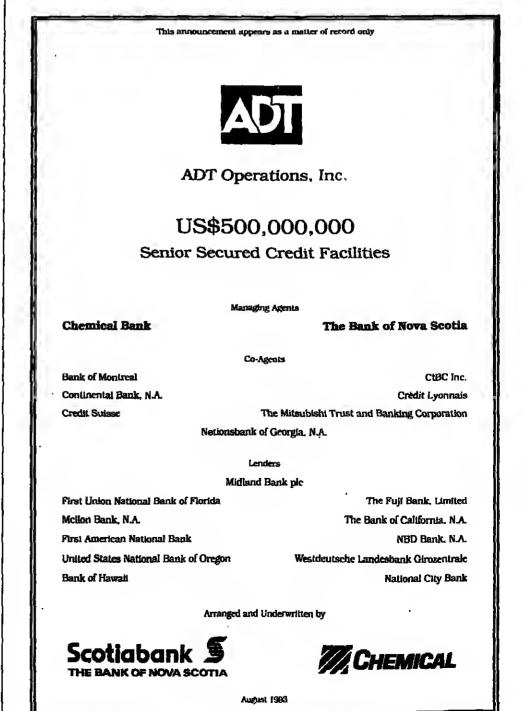
The complex legal structure of many family-controlled companies has also restricted outside influences. Many well-known companies, such as Fiat, Pirelli, Ferruzzi and Benetton, are modelled on a pyramid, with a wbolly owned bolding company at the pinnacle, exercising control through a series of separate holdings. Floating minority stakes in the holdings have allowed many families to retain control of their empires without having to pump m the resources to needed fuel

their growth. For Italy's private sector companies to gain a sounder financial footing, such weaknesses need to be addressed.

Ferruzzi, wbich is due to unveil a restructuring plan later this month, could provide the first opportunity to such changes Into practice. The group's new man-agement has already taken some promising first steps, with the appointment of a slimmed-down board that should be more accountable to shareboiders. Members of the Ferruzzl family have been excluded and one director has been appointed specifically to represent the group's 49,000 small sharebolders. The re-organisation is expected

to involve a substantial simplification of the group's complex structure, and a return to the food and agricultural businesses on which the group was based. If the changes are sufficiently ambitious, Ferruzzi could become the first of a new generation of Italian companies with a wide sbarebolder base, transparent structure and clear, commercial aims. If the plan fails, the weaknesses in Italy's corporate sector

could worsen.



Kredietbank advances to BFr4.96bn in first half

By Andrew Hill in Brussels

KREDIETBANK, one of Belgium's higgest private banks, increased net consolidated profit to BFr4.96bn (\$145m) in the first half of 1993.

The group said profits had risen by 17 per cent from the BFr4.2bn of net profits calculated for the equivalent period. Direct comparison was not possible because of the change in Kredietbank's year-end in 1992.

The group forecast full-year profit "in line with the trend of the past years", during which it has recorded average annual increases of 13 per cent. In 1992, group profits rose by 14.3 per cent to BFr8.47bn, restated

interim dividend of BF190 per share next month, linked to the change in the year-end. Kredietbank said the strong increase in profit in the first balf was due to s "sharp expansion in activity",

improved control over costs,

and better risk management.

The group's balance sbeet total, for example, has risen by 7.8 per cent since the end of December 1992, from BFr2,279bn to BFr2,458bn. At the same time, current operating costs have risen only 3.2 per cent, while the ratio of costs to gross income has come down from 58.4 per cent at the

Kredietbank also succeeded in restricting the effect of The group is to pay an additional non-recurring net BFr6.18bn, almost unchanged

end of 1992 to 55.1 per cent.

compared with the equivalent period. Provisions for country and credit risks dropped by about 20 per cent, in spite of the increasing number of bankruptcies and the weak economy in continental Europe.

"Last year we were very careful and we made large provisions, because we were afraid the business cycle would slow down and we would have some problems. That was not the case," the company said yester-

Instead, during the first half, the group was sble to set aside funds for modernising computers in its branches, and to increase contributions to reserves by a third.

Profit before tax rose by 32 per cent to BFr7.98bn in the first half.

Union Minière profits fall 46%

By Andrew Hill

UNION Minière, the Belgian metals group, yesterday fore-cast a difficult second half after announcing a 46 per cent

Consolidated operating profits fell to BFr478m (\$14m) from BFr894m for the six-month period, but the group said it was pleased to have recorded a positive result in soite of "an extremely unfavourable economic environment".

The company attributed its resilience to costly rationalisa-

tion measures taken over the last two years, but a spokesman warned that operating results in the second half would be even worse than in

The group managed to reduce its share of losses after tax to BFr860m, compared with a loss of BFr1.39bn in the first half of last year, when the results were dragged down by extraordinary restructuring charges of BFr1.49bn.

In the first half of 1993, the

redundancies. The same number of jobs is likely to be cut from the company's 13,400 workforce in the second half.

Société Générale de Belgique, Belgium's largest holding company, owns 75 per cent of Union Minière, an investment which represents about 20.5 per cent of the holding company's portfolio.

an industrial partner for Union Minière to help reduce the holding company's exposure to the cyclical industrial

the second quarter.

The group suffered its largest loss - Sch417m - in the second quarter, more than trehle the loss in the first quarter, It was then that the managing board decided it had to take radical steps rather than hope that an economic recovery would enable it to restruc-

Mr Schenz said he was not Wednesday's supervisory

Thyssen, Preussag lift Ekostahl bid

Olivetti targets mobile telecoms market

By Judy Dempsey in Berlin end Ariane Genillard in Bonn

THYSSEN and Preussag, steel Germany's manufacturers, have stepped up their efforts to buy Ekostahl, the lossmaking east German steel mill

The companies isunched a new proposal which, for the first time, includes an offer to inject cash into the struggling steel group.

The move is aimed at stemming competition in the region, and blocking Ekostahl's purchase by Riva, the Italian privately-owned steel maker.

By Haig Simonian in Ivrea

OLIVETTI, the Itslian

computer group due to report

first-half results next week,

hopes to break into Italy's

buoyant mobile telecommuni-

cations market. The Italian

market is Europe's second big-

gest after the UK, with more

Mr Corrado Passera, joint

than 900,000 subscribers.

Thyssen and Preussag are offering initially to buy 50 per

cent of Ekostahl's cold-rolling Ekoatahl as quickly as mill and close down the hot-blast furnace within the

next three years. They want the Treuhand, the state agency in charge of privatisation, to take absorb any losses during the restructuring period.

The consortium is also offering to create 1,000 new jobs in Eisenhüttenstadt through its subsidiaries. These would include

recycling and construction. The moves might offset lay-offs of about 1,600 at Ekostahl itself The German offer coincides

Olivetti is one of three con-

sortia bidding for the licence.

Although rivals include Fiat

and Pacific Telesis of the US,

Mr Passera said he thought

Olivetti was best placed to win.

"Information technology and

communications are drawing

steadily closer. Giving us the

licence would belp lift Olivetti

into the first tier of companies

combining computers and tele-

with growing pressure on from the European Bonn Commission to privatise

possible. The privatisation of the east

German plant at Eisenhüttenstadt would allow the Commission to move forward in its negotiations with state-owned producers in Spain and Italy aimed at reducing state subsidies and cutting overcapacity.

After talks in Brussels earlier this week, Mr Gunther Rexrodt, Germany's economy minister, yesterday told the country's steel industry to speed up the privatisation of Ekostahl.

However, a Treuhand official said that it was still not clear "how serious" Thyssen and Preussag were in saving

lar communications would be

"reasonsble". He would not

predict what impact winning

the licence might have on prof-

its, but said Olivetti's combina-

tion of information technology

and communications would

Olivetti, which made a

L649.9bn (\$433m) net loss last

year, is expected to announce a

further heavy loss for the first

half of this year when it

However, while this year's

first-half loss may be apprecia-hly higher than the L93.4hn

expand the Italian market.

reports next Friday.

Ekostahl from closure in the

long term. The official added that the lateat plan was "more concrete" than those presented during the summer, which had primarily focused on offering management expertise.

Ekostahl's annual production has already been reduced from 2.5m tons to 900,000 tans.

The labour force has been cut from 12,000 to 3,500 full-time employees.

However, the Treuhand said that negotiations with Riva were progressing and the Italian group was interested in acquiring a majority stake, as well as turning Ekostahl into a competitive mini-mill

lost in first six months of 1992

analysts believe the results

will show the group has con-

tained the severe earnings

slump suffered during the sec-

Group sales are expected to

rise by more than 5 per cent.

Although the value of sales.

outside Italy will be inflated by

the lower lira, analysts believe

the depreciation has pushed up-

costs owing to higher compo-

nent prices. Forecasts for the full-year results predict a net

loss of more than L400bn, prior

to breaking aven in 1994.

ond half of last year.

fall in operating profits for the first six months of 1993.

the first six months.

extraordinary loss was BFr243m, including the BFr176m cost of nearly 600

La Générale said yesterday that it was still seeking

Saint-Gobain posts sharp downturn

By John Ridding in Paris

SAINT-GOBAIN, the French glass and building materials group, yesterday announced 1993 first-half net profits of FFr452m (\$81m), a sharp fall from the FFr1.4bn recorded in the same period last year.

The decline in profits was blamed on "the scale of the economic crisis in Europe", which the company said affected virtually all of its product markets. The company said that all of its principal customers in the building. vehicle and packaging sectors

had sharply reduced demand, resulting in weaker volumes and prices.

The downturn was reflected in the sales figures for the half, which declined to FFr35.74bn from FFr38.77bn in the 1992 In spite of the problems in its

European markets, the company said there were some bright spots in the first-half performance. The US and Latin American markets benefited from stron-

sions suffered a fall in profits with the exception of building materials, which receives about 90 per cent of its sales in the US. Glass operations suffered from the sharp contraction in the European car market, while the fibres division suffered from a fall in

At the end of the first half, the group's net debt stood at FFr18.1hn, about the same level as the beginning of the ger general economic condiyear, and about FFr2.2bn less tions, which Saint-Gohain than at the end of June described as "encouraging".

Austrian oil group announces shake-up

By Ian Rodger in Vienna

OMV, the troubled Austrian integrated oil and petrochemicals group, has embarked on a Sch3.7bn (\$331m) restructuring programme to bring it back into profit next year.

The partially-privatised group revealed last Friday that it would suffer a Schibn operating loss and pass its dividend this year, as slumping prices in European markets undermined its refining and petrochemical product margins. It had earlier forecast e modest profit for the year.

Mr Richard Schenz, the chief executive, said yesterday that the group would cut 40 per cent of its ammonia fertiliser capacity and would withdraw its geotextiles subsidiary from the US market.

These and other restructuring measures would entail the loss of at least 1,500 jobs, nearly 12 per cent of its workforce, over the next two and e

half years. The group's latest reverses have sbaken both its own snpervisory board and the Vienna Börse, althoogh poblic threats by Mr Oskar Grunwald, the supervisory board chairman, to sack the personnel director and strip Mr Schenz of some responsibilities have not been carried out.

Mr Schenz said he was still hopeful that the first step in the group's full privatisation plans, the sale of a 20 per cent stake to a strategic pariner, could be fixed before year-end.

He admitted be was wrong to make e profit forecast in April, but said he could not be blamed for the sudden deterioration in trading conditions in

ture more gradually.

going to resign, and that the question was not discussed at board meeting.

managing director, asked the communications," he said. Mr Passera said Olivettl government to respect a Euroalready had a nationwide sales pean Community deadline to name a second operator for the and service network, so any GSM network hy early 1993. additional investment for cellu-

by 7.6% at halfway stage By Haig Simonian

SNIA BPD, the quoted chemicals, fibres and industrial company controlled by Italy's Fiat group, raised consolidated sales by 7.6 per cent to L1,146bn (\$746m) in the first half of this year.

Group earnings before tax and minority interests recovered strongly to L12bn, against a 1.14bn loss in the corresponding period last year. The improvement was

prompted partly hy a sharp fall in group debts, which were reduced to L380bn from L767bn at the end of last year. The cut in borrowings came largely from the sale of Snia BPD's space and rocket technology business, which raised L260bn.

and the disposal of some hioengineering husinesses for

more than L137bn. The company warned that earnings would remain overshadowed by the recession, but said the restructuring and sale of some businesses left it better placed to benefit from any signs of recovery.

• Italmobiliare, the holding company which controls Italcementi, one of the world's biggest cement groups, is planning capital increases which should raise about L260bn.

The highly complex deal involves a rights issue of new ordinary and savings shares combined with warrants to buy new equity, and a bond issue convertible, into new nonvoting savings stock.

Snia BPD increases sales | Dixons shares leap with sale of US stores chain

By Neil Buckley in London

SHARES in Dixons, the UK's largest electrical retailer, leapt 27p to 260p yesterday as the company announced it was selling its loss-making US chain Silo to Fretter, another US electrical retailer.

The City welcomed the move as the ideal solution for Dixons to the growing problems at Silo, which lost £22.4m (\$34.7m) in the year to May 1 and cost it £36.2m in closure costs. One analyst called it a "tremendous deal. Pretty faultless".

The sale will result in a charge of £19.8m against Dix-ons' half-year profits to cover current-year US trading losses and an exceptional loss on disposal. A second charge of Lex, Page 16

£191.1m, relating to goodwill previously written off to reserves, is a procedure required by new accounting standards and has no impact

on shareholders' funds. The 185-store Silo chain is being sold to Fretter in return for a 30 per cent stake in the enlarged Fretter group, \$30m of 5 per cent convertible preferred stock, and \$15m of 6 per cent preferred stock. Fretter will change its name to YES! Your Electronics Superstore.

The investment will be accounted for hy Dixons as a related company. The 5 per cent preferred stock could be converted at any time into ordinary shares, giving Dixons a potential stake of 49 per cent.

NOTICE INVITING BIDS FOR SPECULATIVE SURVEY BLOCKS IN INDIA FIRST ROUND-1993

The Government of India announces the offer of blocks for carrying out speculative geophysical and other types of surveys with a view to upgrade the available information on the hydrocarbon potential of unexplored sedimentary basins. A total of 35 blocks (21 offshore and

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survey plenning, etc.

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- The acquired speculative survey data to be sold to interested hydrocarbon exploration companies in India end abroad. The original data acquired and two sets of all processed, raprocessed and interpreted data will be given free of cost

to the Government of India.

- BID ITEMS : Type of survey and the minimum work programme. After recovery of cost through the sale of ecquired data, the companies may bid for the manner of sharing profits
- with the Government of India. Compenies to indicate the period within which work would be completed within the prescribed limit. AVAILABILITY OF DATA : A docket on each basin

has been prepared containing information on regional/local geology and the status of exploratory ectivities in the blocks. Separately, data packages containing seismic sections, gravity and magnetic anomaly maps, well data including wireline logs, structure contour maps, etc. are also evailable for most of the Blocks.

There is no limit on the number of Basins and blocks for which data could be purchased or bids made. For further information and purchase of dockets/data packages contact :-

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Government of India, Ministry of Petroleum & Natural Gas, Room No. 238-A, 2nd Floor, Shastri Bhawan, Dr. Rajendra Prasad Road, New Delhi-110 001, INDIA Fax: 384787 Telex: 031-66235



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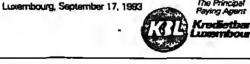
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With first-half 1993 net income steady, Lafarge Coppee has once again demonstrated its ability to withstand a persistently

depressed international environment

Sales edge down Consolidated sales for the six months to June 30, 1993 totalled FRF 14.3 bn.

5% less than in the same period of last year. When restated for comparable structures and exchange rates, first-half sales were down 4%. This reflects a sharp 8% decline in the first quarter followed by

near stability (-1%) in the second. Net income steady

FRF millions

At FRF 693 million, net income is virtually unchanged from the same period

Net income, group share Working capital provided by operations

interests. Earnings per share are down 8% FRF 1.457 million. to FRF 12.3.

operations Working capital provided by operations the United States, and cost-cutting in totalled FRF 1.491 million, up 11.6% on the France and Spain. first balf of 1992. This, combined with income on asset sales, was enough to finance

investments totalling FRF 1,939 million. Lafarge Coppée's financial position streamline operations did not remsins sound, with net debt held to offset declines in sales volumes. FRF 10.2 billion compsred with total

shareholders' equity of FRF 22.8 billion. Operating income (EBIT) eases

impact of buying out some minority 1,630 million in the first half of 1992 to

Despite a 5% decline in sales volumes, Rise in working capital provided by cement saw a rise in operating income driven hy rapidly expanding demand in former East Germany, price increases in

> Concrete and aggregates business was particularly hard hit by the economic slowdowo, and on-going efforts to streamline operations did not suffice to

Higher wallboard prices helped maintain gypsum products' contribution to earnings, while specialty products suffered from lower sales volumes. With European business conditions in the Bioactivities' contribution to estraings of last year (-0.3%), due to lower financial doldrums for the third year running, eased, due in particular to competitive operating income fell 10.6% from FRF pressures in biochemicals. pressures in biochemicals.

1491 1 336 Operating income (EBIT) +11.6% 1 630 the world leader in building

June 1993

14 280

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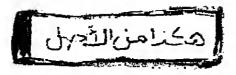
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INTERNATIONAL COMPANIES AND FINANCE

to Japanese shareholders

By Robert Thomson in Tokyo

JAPAN'S shareholders' rights movement suffered a setback yesterday when the Tokyo Dis-trict Court ruled that the directors of Nomura Securities were not required to reimburse the securities house for losses incurred in compensating favoured corporate clients for stock investment losses.

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The ruling, which comes amid a growing debate on shareholders' rights, followed an unusual damages claim by an individual investor, Mr Yoshinori Ikenaka of Osaka, who wanted the 14 directors to pay Nomura Y100m (\$943,300) for approving Y362m in compensation to Tokyo Broadcasting System (TBS) for stock losses in 1990.

Japanese courts are generally reluctant to set clear precedents, though tha decision yesterday was welcomed by Japanese firms fearing a rush of new litigation after changes to the Commercial Code in June eased filing requirements for shareholder litigants.

In the case of Nomura. Japan's biggest securities house Judge Yoshibiro Katay ama ruled that the former board did not necessarily act against shareholder interests in compensating TBS for its losses, as the board bad wanted to secure the broker's long-term relationship with the

broadcasting company.

Judge Katayama said the decision to compensate did not involve a breach of the direcfors' powers of discretion when the circumstances of the period, in particular the mar-ket crash, were taken into account. He said shareholders had profited from business with TBS after it was compen-

However, the judge said loss manipulation of shares.

compensation by Japanese brokers, common after the crash, should be criticised as it undermined public confidence in tha fairness of securities markets and was an apparent violation

of the anti-monopoly law. Nomura said the court's decision reflected judicial awareness of the importance of long-term links between Japanese companies, though the broker suggested that share-holders rights will not be hindered by the ruling.

Japanese brokers have generally supported tha campaign for improved sharaholders rights, believing that investor confidence in the stock market has been damaged by a series of broker scandals, including loss compensation and links to gangster groups.

Earlier this month, the Japanese Supreme Court ruled that six former executives of Mitsui Mining must pay Y100m in compensation to the company for manipulating its share price. After that decision, Japanese lawyers said the case appeared to be an exception. They said the stock manipu-

lation was blatant in the Mitsui Mining case and the ruling would not necessarily influence other actions based on allegations that directors had been incompetent or negligent. • The Tokyo Stock Exchange has imposed fines of Y5m each on three Japanese securities houses, Daiwa Securities, Yamaichi Securities and Universal Securities, Reuter reports. The exchange axid it had fined Daiwa for its compensation of a client in May-July 1991. Daiwa made up for the client's investment losses worth

Earlier this year Yamalchi and Universal ran into trouble

Court deals blow Treading a road to strong profits

UBS's London operation believes it is on track, says Tracy Corrigan

Since Union Bank of Switzerland, Switzerland, Switzerland, Switzerland, Switzerland's largest bank, bought Phillips & Drew back in 1985, the road to strong returns for UBS's London operations has been a long one. But in the first half of this year, London contributed more than 20 per cent of UBS's 89 per cent surge in profits for the first half of

Clearly, market conditions helped. "Brisk activity on the major securities markets, with dramatic rallies in some cases, as well as volatile fluctuations in various foreign exchange rates and lower money market rates, lad to record profits," said UBS's own results report. But Mr Rudi Müller, chair-

man and chief executiva of UBS Limited, the London operation, insists that market conditions are only one factor. "Our build-up has thoroughly paid off and we are going to be an increasingly important financial institution," he says.

UBS's progress can be measured in both financial and league table terms. The contribution of foreign operations, of which London is the largest component, was 5 per cent 10 years ago, 20 per cent last year and 40 per cent so far this year. With domestic banking under pressure, the growing contribu-tion of institutional banking operations outside Switzerland has come at the right time",

says Mr Müller. In debt underwriting, UBS ranked sixth in the first six months of this year, according to IFR Securities Data. Even more impressive, UBS ranked second in Acquisitions Monthly's league table of advisers on European cross-border acquisitions completed in the year to a hank hranch, the decision



be increasingly important'

June. However, its ranking in the syndicated loans market has slipped to 12th, according to IFR.

"In looking at our results in the last two years, a lot of money has come from traditional products, such as equities and gilts," says Mr Müller. Ha says that equities have been consistently profitable since 1991. However, this year it is the merged debt/treasury operation which has been the star performer. This has been the big break-through".

In ratrospect, Mr Müller admits that mistakes were made on the way. "It's a bit delicate. If we were today to take over an organisation like P&D, we would most certainly take over the management straight away."

Back in 1985, when the bank already had two London operations. UBS Securities and

parallel for a few years, to see how things would develop after Big Bang.

As it turned out, the changes brought about by the Big Bang were more dramatic than had been foreseen. "The business changed so fundamentally that P&D got into some difficulty with back office administration. They were not able to cope with the new environ-

Then came 1987, a bad year

for many financial institutions but a black time for UBS, which, on top of the stock market crash, was caught up in financial scandal over the Blue Arrow rights issue. 'It cost a lot of money and took a lot of time," says Mr Müllar. At the end of that year, he was given the task of reining in the three businesses, scattered among 11 locations around London, and of bringing the administrative

side of P&D under control. Finally, early in 1989, UBS Phillips and Drew was formed. and the firm moved into Broadgate, the modern City office complex. "Moving all the units together created the cornerstone of success," he says.

While the London operation may have come right in the end, other foreign bankers in London find it bard to be benevolent, well aware that they would never have been given the same leeway as Mr Müller by their parent bank. and some remain sceptical.

While UBS as a whole exceeded its 10 per cent target for return on equity in the first half, they suggest that London's strong performance would have to persist for some time for UBS to recoup its

R17.9m from R29.8m - as a

result of lower cash boldings

Earnings were also affected by the troubles at the Crusader

Life insurance company. Provi-

slons have heen made for

Group turnover rose by 4 per

cent to R8.5bn bnt pressure on

margins saw operating profit

fall by 4 per cent to R719.5m

The rise in attributable

profit was the result of a lower

from R747.8m.

potential losses in this area.

and falling interest rates.

was taken to "let the three investment in the business units lincluding P&Dl run in Mr Müller, for his p Mr Müller, for his part acknowledges the support of head office. "Without total support from Zurich we would never have been able to do lt," he saya. UBS bought in top professionals from prominent London firms. In addition, a "totally different" top manage ment team was put in place. "It needed a change: I felt that to be able to go through a fundamental reorganisation we needed new axpertise," ba

> This has sometimes created the impression that the doors at UBS are constantly revolving. "They have hired some good people, but they have lost some extremely good people too," says one former staffer.

Are the improved profits from UBS's London operations the result of markets or management? The answer, from analysts and insiders, appears to be that it is a bit of both, "They had to do a lot of changing around and a lot of

spending, but that is telling now," says Mr Ian Poulter, a banking analyst at Yamaichi International. But he adds that he wants to see whether these sort of results can be main

"Historically, UBS has a habit of doing very well in good markets, and of not turning around fast enough in bad markets," said one former UBS

Mr Müller admits that the bank may have entered some markets, such as derivatives, rather late.

"We Swiss bankers bave some advantages and some dis-advantages," he explains. One advantage, clearly, is staying

Fay, Richwhite after-tax profits rise to NZ\$53m

By Terry Hall in Wellington

FAY, Richwhite, the New Zealand merchant bank, yesterday reported after-tax profits of NZ\$52.7m (US\$29.1m) for the year ended June, up from NZ\$24.3m a year earlier. Pre-tax profits were little

changed at NZ\$14m. The net result includes a NZ\$40.7m profit on the sale of shares in Bank of New Zealand, while the 1991-92 result took in a NZ\$10.1m credit from equity earnings against zero this time. Mr David Richwhite, joint chief executive, said the merchant banking operations earned NZ\$17m in the year, up

from NZ\$12m. Non-recurring costs were NZ\$5.1m relating to the holding costs of the Bank of New Zealand shares. Mr Richwhite said that total income from the banking division was NZ\$77m. Income from the New Zealand division was in line with bud-

get but Australian profits fell. He said that the company expected to report an improved result in the current year from its merchant banking operations. Total group assets were NZ\$286.6m at end-June.

Reg. No. 01/010232/06 NON-MINING INTERESTS

FOR REGULAR

INTELLIGENCE

THE ANSWER IS

ON THE INDUSTRY

(Incorporated in the Republic of South Africa)

GENCOR LIMITED

UNBUNDLING OF GENCOR'S

Proposed Sankorp Facility for Non-Resident Shareholders

As previously announced, Gencor has procured that Sankorp will make a facility available for Gencor non-resident ordinary shareholders. The facility will, in effect, enable such shareholders who elect to utilise it, to sell their pre-unbundled Gencor ordinary shares to Sankorp, on condition that Sankorp will according to a pre-determined formula, transfer to them as consideration after the unbundling, an appropriately greater number of post-unbundled Gencor ordinary shares in registered form. Further Information relating to the facility which will be administered by Smith New Court Corporate Finance Limited on behalf of Sankorp, including details of those shareholders who will be eligible to participate, will be published on or about Friday, 24 September 1993.

It is expected that the Sankorp facility will be available only to shareholders registered as such at close of business on 8 October 1993.

Gencor (U.K.) Limited 30 Ely Place





£75,000,000 HMC FINANCING 3 PLC Class A Mortgage Backed Floating Rate Notes due December 2018 For the Interest Period from Sept-ember 15, 1993 to December 15, 1993 the Note Rate has been de-termined at 6.36583% per annum. The Interest psychole on the relevant interest psyment date, Occombor Interest psyment date, Oecember 15, 1993 will be £671.60 per £42,317.62 nominal amount. By: The Chase Manhattan Bank, N.A. London, Agent Bank

Soptember 17, 1993

Mortgage Securities (No.2) PLC \$250,000,000 Mortgage backed floating rate notes due 2028 For the interest period 15 September 1993 to 15 December 1993 the notes will bear interest of 6.115% per annum. Interest payable on 15 December 1993 will omount to \$1.555 the per \$100 (M) color \$1,525.18 per \$100,000 note. Agent: Morgan Guaranty Trust Company

JPMorgan

Compagnie Financiere Ottomane Group Group Results for the Six Months to 30 June 1993

	6 months to June 1993		6 months to June 1993	6 months to June 1992	
	Outside Turkey FFr '000	Turkey FFr '000	Total FFr '000	Total FFr '000	
Interest Income	4,605	319,793	324,398	287,260	
Interest Expense		204,863	204,863	256,949	
Net interest income	4,605	114,930	119,535	30,311	
investment income	47 ,7 75	43,176	90,951	130,810	
Other operating income	9,724	95,511	105,235	49,997	
Total operating income	62,104	253,617	315,721	211,118	
Operating Expenses	14,373	167,582	181,955	153,468	
Operating profit before tax	47,731	86,035	133,766	57,650	
Tax	3,015	42,647	45,662	14,163	
Operating profit after tax	44,716	43,388	88,104	43,487	
Translation loss on capital	184	(65,248)	(65,064)	(56,942)	
Property revaluations		49,480	49,480	11,258	
Profit after tax attributable to shareholders	44,900	27,620	72,520	(2,197)	
Capital resources			FF _T 1,135,535	FF1 979,612	
Earnings per share			PPr 14 50	RFr (0.430)	

FFt (0.439)

As previously announced, Compagnie Financière Ottomane SA (formerly Ottoman Bank) has transferred its domicile from Turkey and has been registered in Luxembourg.

The currency of account of the company has been changed from Sterling to French Prancs and the group results for the six months to 30 June 1993 have been prepared on this basis. The results include half the amount by which the group's assets in Turkey are expected to be revalued at the year end, at the rate laid down by the Turkish authorities. The revaluation increase has previously been taken to credit only in the annual results for the year but the directors consider a fairer reflection of the group's progress is shown by this change; the corresponding results for the six months to 30 June 1992 have been adjusted on the same basis.

Compared with the same period last year, the Turkish business produced better results expressed in local currency Net interest improved owing to higher loan volumes and a wider margin between cost of deposits and loans. Commission income showed a substantial improvement. The rate of inflation remained high during the first six months and is now rising. Monetary difficulties might lead to a more rapid depreciation of the Turkish Lira during the econd half of the year than during the first and this could have an adverse impact on the full year's result. Outside Turkey, despite the continuing fall in interest rates during the period under review, the result was satisfactory

owing to improved profits on bond trading, These interim results have not been audited. As is customary, no interim dividend is payable.

Irregular forex deals hit Nippon Steel unit to 105 cents a share from 100 cents.

ANNUAL INVESTOR STATEMENT Dated as of August 16, 1993

Chrysler Credit Corporation

Carco Bealers Wholesale Trust 1990-A

Annual Investor Statement as of August 16, 1993, for the one year period commencing August 13, 1992 and ending on August 12, 1993 (the "Aznual Period") as provided by Chrysler Credit Cor-

The following information is provided by Chrysler Credit Corporation, as servicer (the "Servicer") pursuant to Section 5.02 of the Pooling and Servicing Agreement dated as of August 1, 1990 among Chrysler Auto Receivables Company, as seller, the Servicer and The Fuji Bank and Trust Company, as trustee (the "Pooling and Servicing Agreement").

Total Principal Receivables balance on August 12, 1993 amounted to U.S. 5788,444,664.43. Such aggregate balance is allocated among the various ownership interests as follows:

Existing credit enhancement currently totals and is comprised of the following: ... U.S. \$87.455,000.00

Available Funds exceeded Required Monthly Coverage in 12 out of the

As of the date of this Annual Investor Statement no Amortization Event

Capitalized terms used but not defined herein have the meanings as-

By: Chrysler Credit Corporation, as Servicer

Investor Amount

Base Subordinated Seller Amount

Incremental Subordinated Amount ...

Net Increase (Decrease) in Spread

Base Subordinated Seller Amount

Net Increase (Decrease) in Base Subordinated Seller Amount

Available Letter of Credit Amount Net Increase (Decrease) in Available Letter of Credit Amount

for the current Annual Period

Amount withdrawn from the Spread Account:

Amount of Available Subordinated Funds drawn: Amount of draw under the Letter of Credit:

cribed thereto in the Pooling and Servicing Agreement.

Percentage of Stated Letter of Credit Amount

2 months of the current Annual Period.

as been deemed to have occurred.

Percentage of Spread Amount Cap ...

Senior Seller Amount Excess Senior Amount

Spread Account Balance ...

Annual Period ...

By Robert Thomson

NIPPON Steel Chemical, a chemicals subsidiary of Nippon Steel, the world's largest steel maker, yesterday forecast a pre-tax loss of Y12bn (\$113.2m) for the year ending March, following foreign exchange losses on unauthorised trading by an accounting division chief.

The company had previously forecast a loss of Y3.8bn, but the continued slowing of domestic industrial demand for resins and composite materials has added to damage caused by the foreign exchange losses, estimated at Y14.2bn.

These losses arose from irregular deals by the head of the company's forex division, who died in a train accident in

He had invested Y47.3bn in forward contracts, apparently In the same period last year, breaching a company rule that the company lost Y988m.

A .. 19 18

currency investments of more than Y100m require board

reduce costs.

The company will not pay an interim dividend.

For the first half to September, Nippon Steel Chemical forecast sales of Y130bn, down from Y138bn, and a pre-tax loss of Y8bn, widening from Y3.5bn.

.U.S. \$51,705,000.00

U.S. \$891,273.21 U.S. \$52,000,000.00

.U.S. \$3,250,000.00

U.S. \$51,705,000.00

U.S. \$32,500,000.00

US

100.00%

5-0-

\$-0-

100.00%

US. \$-0-

U.S. \$-0-

U.S. \$-0-

100.00%

Nippon Steel Chemical intends to cover the foreign exchange losses through the sale of securities and land holdings, but it also plans to transfer 200 head office staff to subsidiaries in an attempt to

Sales for the year are expected to be Y270bn, down from the previous eatimate of Y290bn, and from last year's Y281.5bn, when the company had a pre-tax loss of Y7.2bn and a net loss of Y6.3bn.

Anglovaal lifts dividend by 5% Africa's six big mining houses, stantially lower - down to

By Philip Gawith In Johannesburg

ANGLOVAAL, the South African mining and industrial group, reported improved prof-its for the year ended June, and is increasing its dividend

Net earnings rose hy 6 per cent to R293.1m (\$86.2m), due mostly to a strong performance from the industrial operations. The group forecast a further improvement in profits for this

MANDARIN Oriental, the

Jardine Matheson group's

Hong Kong-based luxury hotel

company, yesterday announced

a 2 per cent increase in profit attributable to shareholders of

US\$19.5m for the six months

ended June, up from US\$19.2m

The results were below

expectations, primarily due to

the further decline in earnings

By Simon Davies

in Hong Kong

a year earlier

but 69 per cent of earnings last year cama from industrial operations - Anglovaal Industries - where the performance was boosted by lower tax and a full year's contribution from the Anglo-Alpha cement

Income from the group's main direct mining invest-ments - gold, copper and man-ganese - fell hy 20 per cent to

Income from indirect mining investments rose marginally to R34.2m from R29.5m.

a weak performance from the

group's hotel interests in

Macau, where there has been a

substantial increase in tha sup-

ply of luxury hotel rooms over

Group turnover increased 7.7

per cent to US\$78.1m at the

interim stage, and operating profit recorded a 16 per cent

increase, due to improved per-

formances from the two whol-

the past year.

tax bill and an increase in

Mandarin Oriental slightly ahead

from the 45 per cent owned Kong - the Mandarin and the Oriental hotel in Bangkok, and Excelsior - and from its hotel in Manila. Mr Simon Keswick, chairman, said: "In the first half of the year, the group's strong performance in Hong Kong was largely offset by weakness in most of our other markets. If the same trend continues, the results for the full year are expected to remain little

changed [from 1992]." The interim dividend is ly-owned properties in Hong being held at US\$1.41 a share.

Agent Bank

NOTICE TO HOLDERS OF

SHARP CORPORATION

NOTICE IS HEREBY GIVEN that a cost

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to starsholders of record date September 30, 1953. Furthermore, it has been declared that the sheets will be made or dividend on the Jupethese Stock Exchanges with affect from September 27, 1953.

Subject to approval of the dividend, or lumber notice will be published, after receipt of the dividend by the Depository, stating the amount and actual date of payment of such dividend together will the procedure to be individed for otherway payment.

Coupon No 28 will be used for collection of this dividend.

CITIBANK, N.A., London, September 17, 1993 Depo

ANZBank Australia and New Zealand **Banking Group Limited** Australian Company Number 005 357 522 (Incorporated with limited liability in the State of Vactoria, Australia) U.S. \$200,000,000 Subordinated Floating Rate Notes due 1998 For the six months 16th September, 1993 to 16th March, 1994 the Notes will carry an interest rate of 3.875% per annua with an amount of interest U.S. \$1,948.16 per U.S. \$100,000 demonination,

Bankers Trust Company, London

NOTICE OF REDEMPTION TO THE HOLDERS OF MITSUBISHI CAPITAL INC.

Listed on the Luxembourg Stock Exchange.

US\$9,000,000 Guaranteed Dual Basis Bonds due 2000 (The "B Bonds")

Notice is hereby given that pursuant to Clause 5(b) of the Terms and Conditions of the Notes, Mitsubishi Capital Inc. will proceed to the early redemption of the total of the outstanding Notes at their principal amount on October 22, 1993. Intarest on the Notes will cease to accrue on and after the

Fiscal Agent

NIPPON SHINPAN & CO., LTD

NOTICE IS HEREBY GIVEN that a cash

NOTICE IS HEREBY GIVEN there a cash dividend will be paid to shareholders of record data September 30, 1933. Furthermore, it has been doctated that the shares will be traded an dividend on the Japanese Stock Exchanges with effect from September 27, 1933. Subject to approved of the dividend, a further notice will be published, after receipt of the dividend by the Deposition, vitaling the amount and actual data of payment of such dividend together with the procedure to be followed for obtaining payment.

payment. Coupon No 33 will be used for collection of this dividend.

CITIBANK, N.A., London,

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INTERNATIONAL COMPANIES AND FINANCE

Turner seeks deal with French over TV station

By Raymond Snoddy in Atlanta

MR TED TURNER, chairman of Turner Broadcasting Sys-tem, said yesterday he was seeking a compromise with France in a row over US programme content of his new satellite television channel.

France has blocked reception of the TNT/cartoon channel. launched in Europe today, on domestic cable networks.

The channel, carried on the Astra satellite system, runs cartoons from 6am to 6pm and mainly old films from the MGM library during the rest of

French opposition to the channel is based on EC rules which say that where practicable there should be a minimum. of 51 per cent European production in satellite television

The French government would also like to see trade in cultural products raised in the Gatt trade talks.

Mr Turner said yesterday: "The French have their own way of doing things and they are entitled to do it."

The founder of Cable News Network, the 24-hours-a-day television news service, added: portion of original productions.

"We are trying to be good guys and to sit down and try to see if soma kind of compromise can be reached.

in Europe or had European co-

which is freely available across Europe to those with satellite television equipment, has already been given e licence by the Independent Television

television channel is licensed in any EC country that usually means it should be freely available throughout the Commu-

Mr Turner said that the economics of running a pan-European satellite channel meant that it had to be based largely on library material in the early lossmaking years. At a later stage he envisaged a rising pro-

By Robert Gibbens in Montreal

MAGNA International, Canada'e biggest independent car parts maker, reported a 26 per cent gain in fourth-quarter profits but warned that margins are being affected by customer pricing pressures.

Net profit for the three months to July 31 was C\$39.6m (\$30m), or 70 cents a share, up from C\$31.3m, or 61 cents, a year earlier. Sales were C\$649m

Earnings for fiscal 1993 were C\$140.4m, or C\$2.55, up 43 per cent from C\$98m, or C\$2.08, on sales of C\$2.6bn against

· Univa, Canada's second biggest food distributor had higher profits for the second quarter and half-year before

subsidiary continued to lose. For the three months ended August 14 net profit was C\$11.5m, or 11 cents a share, against C\$3.8m, or 3 cents, a

First-half profit after special items was C\$15m, or 13 cents, against C\$24.5m, or 26 cents. Sales were C\$3.3hn against

Mr Turner has called for a study of European content in the TNT film channel and found that a number of the library films were shot in the UK. Other films have involved European co-producers. Mr Turner said vesterday he estimated that as much as 30 per cent of TNT was either made

production links The TNT/cartoon channel,

Commission in the UK. Under EC regulations, if a

refinancing index constructed by the Mortgage Bankers Association. This leapt to two peaks in 1992 and a third in March of this year, as investors reacted to sharp falls in long-term rates. Its latest jump, as the yield on the 30-Treasury bond has fallen below 6 per cent, is the biggest yet. The index (at 100 in Merch 1990) climbed above 1500 for the first time at the beginning of this month,

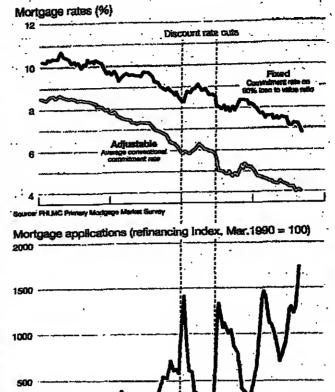
THE US financial indus- figure is set to top \$500hn. Only homeowners unlucky try is bracing itself for a enough to have been left with record-breaking wave of properties worth less than their loans (an experience generally confined to California and the north-east) have been unable to join in the party. that generate new mortgage loans, but bad news for those

New mortgages mean new fees for lenders. Most charge a fee of 1.25 to 1.5 per cent when making a loan, whether it is taken out to repay an old loan or to buy a house. Fee income at Countrywide Credit Industries, the US's biggest home mortgage company, leapt from

\$38m to \$92m in 1992. However, falling mortgage interest rates have also hit the results of some banks. Most recycle their mortgages as mortgage-backed bonds, and retain an involvement only in servicing the loans - for a fee. That gives servicing rights a value, and has led to a market in which some banks have become big buyers of the rights to service portfolios of mortgages. If those mortgages are repaid early, the value of the portfolio falls.

This cost Citibank \$255m last year. "When it hit, it hit hard and unexpectedly, said Mr Pei-Yuan Chia, senior vice-president in charge of Citibank'e consumer banking busi-ness. "All the mortgage banks are looking at [the implications of refinancings at the

moment," he says.
The cost to the banks this year may turn out to be lower than in 1992. Citi, for one, says it now hedges against impairure released yesterday. Last year, \$450bn of mortgage loans were refinanced. This year, the if rates fall and refinancings



Falling bond market brings party-time for lenders

rise, the costs are balanced by profits on the bond holdings.

The refinancing boom has also been bad news for investors who hold the near-\$1.500bn of mortgage-backed bonds in issue. Most new mortgages are not held on bank's balance sheets: they are eventually repackaged and sold to investors. Since many of these bonds are recycled through Fannie Mae and carry a federal guarantee, they are relatively free from credit risk.

Prepayment risk is some thing else. As interest rates fall and the loans backing the

bonds are repaid, investors are left to reinvest their capital in bonds at much lower yields. As a result, mortgage-backed bonds under-perform other fixed-income securities during

a bond market rally. That has been especially true in recent weeks as investors have reassessed the prepayment risk. "The market has gone through a pretty enormous revaluation in the last month," says Mr Christopher Flanagan, director of mortgage-backed research at Merrill Lynch, Current-coupon mortgage-backed bonds (thosa which pay an annual return close to current bond market yields) now yield around 100 basis points (one percentage point) more than comparable US Treasury bonds, up from less than 80 basis points in the middle of August.

The picture is even worse for. bonds issued before the latest rally, which pay higher cou-pons and are the most in danger of being rapaid early.
"Price spreads have collapsed in the last two or three weeks," Mr Fianagan says. Worst hit of all have been interest-only "strips" - the future income streams on mortgage-backed bonds which are detached and sold separately. As the mort-gages are repaid, these future income payments simply

The readjustment in the bond market is partly due to the faster pace of refinancings, which are running at a far higher level than in 1986 and early 1987, when mortgage rates last fell sharply. Mr Mark Obrinsky, senior economist at

US mortgage borrowers are taking advantage of interest rates at historic lows, writes Richard Waters Fannie Mae, says the rate has picked up in part because most lenders are now prepared to roll their refinancing fees into the balance of the new loans. Also, he says, "it's like going to the dentist": the many borrowers who have refinanced once already in recent years have less resistance to doing it

The fact that it now takes a smaller fall in interest rates to produce a larger volume of refinancing has blown a hoje in the financial models used by traders of strips and other derivative-type instruments. The pricing and hedging strategies based on outdated assumptions about refinancing rates have not held up well in the current boom.

7 hile it is hurting bondholders, the lat-est refinancing wave could help to lift the average homeowner's disposable income - and, by implication. the sluggish US economy. By locking into lower interest rates on \$500bn or more of their household debt, Ameri . cans are freeing themselves to spend more in the shops.

The benefits will not all flow through at once, though, Many homeowners are taking advantage of lower interest rates to shorten the length of their debt. According to Fannie Mae, two out of every five people who refinanced a 30-year mort-gage in the first half of this year chose to replace it with a 15-year one instead. As a result, their monthly interest payments may actually have risen, not fallen.

Magna advances but warns of pressure

special items, helped by gains in efficiency and a 1992 acquisi-But the northern California

year earlier on sales of C\$1.9bn, against C\$2.1bn. The volume decline was due to an asset sale. After special items profit equalled 11 cents a share

Interactive cable-TV music channel planned

By Martin Dickson in New York

TELE-COMMUNICATIONS Inc. the largest cable television systems operator in the US, and Germany's Bertelsmann music and entertainment group yesterday announced plans for a new interactive cable channel which will allow viewers to choose the pop videos they want to watch, as well as buying music-related products from home.

refinancings by mortgage bor-

rowers, prompted by falling

long-term interest rates. The

result: a boom for companies

that service them and for the

many investors in mortgage-

backed bonds who are seeing

their investment returns

The bull market in bonds

that has driven domestic mort-

gage rates down to historic

lows, along with other

long-term interest rates, has

prompted previous waves of

mortgage refinancings in the

past two years, but none as big

as the one that is now washing

over the financial sector. As

mortgage rates fall, many bor-

rowers pay off their old fixed-

rate loans by taking out new,

lower-interest onee. Around

four-fifths of the \$3,000bn of

home mortgage loans in the US

The surge in mortgage pre-

payments is reflected in the

reaching 1731 in the latest fig-

ure released yesterday. Last

year, \$450bn of mortgage loans

are on fixed rates.

reduced.

The new channel, claimed to nel would also involve labels be the first of its kind, is an

early example of the kind of service which US media companies hope will lead to a boom in inter-active, multi-media entertainment in the home.

The two companies are forming a 50-50 joint venture to develop the channel, which they hope to roll out across the US over the next 12 months. Berteismann is one of the world's leading record companies, with labels which include Arista Records and RCA Records. However, it said yesterday it hoped that the chanowned by other record companies. The channel will be offered to leading US cable operators in addition to TCL Bertelsmann said the chan-

nel would he snpported by advertising and would include home shopping. Some of the most successful US cable television channels

focus on pop music. They include MTV, which mainly broadcasts pop videos and is rapidly spreading around the globe, and Country Music Television, which concentrates on country music videos and is

one of the fastest-growing channels in America, However the existing channels are not inter-active.

Mr Fred Vierra, head of worldwide programming for TCI, said the new network marked "the beginning of music made popular by con-

sumer choice".

The involvement of Bertelsmann, he added, would give an "in-depth knowledge of the world's music markets and the ability to exploit global opportunities in advertising and merchandising".

General Dynamics to make \$372m distribution

GENERAL Dynamics, the US defence contractor which has been shrinking through the sale of large parts of its business, announced plans to distribute \$372m, or \$12 a share. of the disposal proceeds to its shareholders - the third such cash disbursement this

General Dynamics said that the total represented substan-tially all of the cash available for tax-advantaged distribution from sales of businesses to date. The company paid ont \$20 a share in April and \$18 a share in July.

The latest distribution will he made on October 12 to shareholders of record on September 28.

The company also increased its quarterly dividend by 50 per cent to 60 cents a share, reflecting the board's confidence in the stability of its strong cash flows.

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ABN-AMRO Holding N.V.

ANNOUNCEMENT

to all the holders of ABN AMRO Holding N.V. Ordinary Shares of NLG 5 Issue of Convertible Shares by way of Rights

ABN AMRO Holding N.V. hereby announces that it will Issue up to 20,000,000 preference shares convertible into ordinary shares (the "convertible shares") at a nominal value of NLG 5 (approximately UK£ 1.82) per share and each at an issue price of NLG 63.00 (approximately UK£ 22.93). The convertible shares will be made available to holders of subscription rights only. Each ordinary share of ABN AMRO Holding N.V. is allotted one subscription right. Each 15 subscription rights confer entitlement to subscribe for one convertible share. Dividend coupon No. 15 will be designated as a subscription right.

Terms of the Issue

- The dividend percentage for the convertible shares has been fixed at 6%. Thus the annual dividend will be NLG 3.76. As per
 1 January 2004 and every ten years thereafter the dividend percentage shall be adjusted to the effective yield at that time on Dutch
 government bond loans with e term of nine to ten years, which yield may be increased or reduced by a surcharge or reduction,
 respectively, of at most 1%. The annual dividend shall then be calculated as the adjusted dividend percentage over the amount paid
- The convertible shares will be convertible into ordinary shares with a nominal value of NLG 5, on the ratio of 1:1 plus a payment of NLG 7.00 for every share to be converted (such ratio to be adjusted in certain circumstances). The period for conversion will start at 1 January 1994 up to and including 31 October 2003, on the terms as will be described in the prospectus dated 16 September 1993. 3. The convertible shares will only be listed on the Official Market of the Amsterdam Stock Exchange.
- 4. All applications for convertible shares will be made on the basis of the information, terms and conditions contained in the prospectus dated 16 September 1993 and available as stated below. Restrictions apply for the United States of America, the United Kingdom. Singapore and Japan.
- 5. The subscription rights will be traded at the Amsterdam Stock Exchange from 16 September to 30 September 1993 (13.15 hours Amsterdam time) inclusive and on some of the other European Stock Exchanges where the ordinary shares ere listed. 6. Date of payment is 1 November 1993.

Procedure for subscription for shareholders in the United Kingdom Subscription in the United Kingdom is only open to existing holders of ordinary shares of ABN AMRO Holding N.V. The subscription period will start on 16 September 1993 and end on 30 September 1993 and applications must be received at the Office of the United Kingdom Subscription Agen! no later than 12.00 noon on that date.

a) Copies of the English language translation of the prospectus together with Subscription Forms are available only to existing holders of ordinary shares of ABN AMRO Holding N.V. at the office of the United Kingdom Subscription Agent during normal. United Kingdom Subscriptions Agent

National Westminster Bank PLC Stock Office Services National Westminster House Station Way est Sussex RH10 1JE

Telephone (0293) 528721 Ext 241 b) Completed Subscription Forms, payment in full (in Dutch Guilders) and Coupon nos.15 should be submitted:

i) By hand to the above address ii) By post to:

National Westminster Bank PLC Stock Office Services PO Box No. 10

Station Way West Sussex RH10 1JE

Amsterdam, 17 September 1993 The above is made by way of announcement only. This announcement does not constitute an offer to subscribe or sell any of the urities to which this announcement relates. An offer to subscribe any of the securities to which this announcement refers may only be made on the basis of the Prospectus dated 16 September 1993 in respect of the issue of such securities. This announcement has been approved by ABN AMRO Securities (U.K.) Limited, a member of SFA, for the purposes of its issue in



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INTERNATIONAL CAPITAL MARKETS

WY SI-PTEMBER 17 1993

UK GILTS dropped nearly a point but recovared to end slightly higher, due to a short squeeze in the futures market. However, traders reported little buying on the lows, with international investors

By Conner Middelmann in

in New York

London and Patrick Harverson

GOVERNMENT BONDS

deterred by sterling weakness and sentiment subdued by the inflation spectre. Gilts are still "trading on far too optimistic an outlook on inflation," said Mr Nigel Richardson, head of international bond research at Yamaichi, who sees further downside for gilts.

Expectations of an auction announcement by the Bank of England today also dampened interest in the cash market. Opinion remains split on the likely maturity of the issue, with some traders betting on 2004 but others calling for ultra-long dated debt.

FRENCH government bonds ended the day mixed, with 10-year bonds slightly higher

By Antonia Sharpe in London

THE intarnational bond

market had a Latin American

flavour yesterday as Venezuela

INTERNATIONAL

launched its well-flagged.

D-Mark Eurobond offering and

Banobras, the Mexican govern-

ment agency for financing eco-

nomic development, tapped the

dollar sector.
The Republic of Argentina is also due to tap the D-Mark sector. Mr Daniel Marx, the

finance under-secretary, said

that Argentina will launch a

five-year Eurobond to raise

between DM750m and DM1bn

before the end of the year.

CSFB and Deutsche Bank have

Mr Marx said the new place-

ment was aimed at "diversify-

ing the investor base by

been awarded the mandate.

and John Barham

in Buenos Aires

BONDS

Gilts upset by short squeeze in futures market but 30-year bonds lower.

market operation.

the release of gross domestic product data, which are expected to show a 0.2 per cent decline in the second quarter.

According to Mr Richard Gilbooly, international economist with Kidder Pcabody, liquidity pressures prevented the rate cuts from feeding into money market rates, which remain above 10 per cent. This means that it is expensive for traders to finance bond positions.

Traders remain frustrated by

the uncertain outlook for French interest-rate easing and were little surprised by the Bank of France's decision to leave its 6.75 per cent repo rate unchanged at yesterday's open-The key event today will be

■ DANISH government bonds eased about ¼ point despite the central bank's latest rate cuts. The Bank of Denmark cut its key deposit rates to 8.75 per cant from 9.25 per cent and Its two-week repo rate to 9.5 per cent from 10 per cent. While the Danish krone firmed on the newa, 10-year bonds dropped by more than % point before recouping some of their

Traders reported a large

increasing sales in Europe and

Germany in particular". He

added that the D-Mark bonds

will refinance Eurobond debt

The fortbcoming offering

will bring the government's

bond sales to more than \$1bn

this year. It follows two dol-

lar-denominated Eurohond

offerings in April and July

which raised a total of \$500m.

A third batch of dollar debt

will be issued in coming

Investors looking for high-

yielding paper flocked to the

Republic of Venezuela's

DM300m seven-year Eurobond

offering. Demand was such

that the bonds' yield spread

over underlying bunds nar-rowed to 260 basis points in the

afternoon from a break-even

spread for co-managers of 290

Lead manager WestLB said that retail clients in Germany

and Switzerland were particu-

larly strong buyers of the

basis points.

months, Mr Marx said.

maturing this year.

FT FIXED INTEREST INDICES Sep 18 Sep 16 Sep 14 Sep 13 Sep 18 ann High * Govt Seco (BIC) 101.33 101.46 102.34 102.66 102.64 89.22 102.86 93.28 Flored leftereet 123.07 124.05 124.03 124.99 124.94 104.99 125.20 108.67 Banis 100: Covernment Securities 15/10/26; Food Interest 1626.

For 1963, Covernment Securities high sicce compiletion: 127,40 (8/1/26), low 49.16 (3/1/75)

Fixed Interest high since compilation: 125.26 (1/9/85); low 50.53 (3/1/75) GILT EDGED ACTIVITY Sep 15 Sep 14 Sep 13 Sep 18 GSR Edged Bargaine 200.5 S-Day extraga 129.1 SE acavity innices retoxod 1974 200.5 [29.1 132.4 93.7 187,5 129.9 115.3

seller of 10-year bonds in London, which further depressed

■ GERMAN bonds were less volatile but outperformed most other markets, with the bund contract ending % point higher on a late squeeze in the futures plts. Sentiment was also boosted by the Bundesbank's latest monthly report. While the central bank reaffirmed its cautious easing stance, it said money supply growth was set to slow. Analysts also walcomed its statement that western German inflation rose by 2.5 per cent on a three-month annualised basis.

JAPANESE government bonds eased again, mainly over disappointment that the gov-

in the light of Venezuela's

offering, the spread of 210 basis

points over underlying US

Treasuries on the \$100m five-

year offering from Banohras

was not very tempting. Tha

bonds were re-offered at 99.97

and they were not freed to trade by the close of business.

bonds reflects the Mexican gov-

ernment's desire to tighten the

spread on its Eurobonds. How-

aver, investor focus has moved

away from Mexican offerings

as other Latin American bor-

rowers become more active in

the international bond market.

ento, the Latin American

supranational agency which finances trade and infrastruc-

ture, is expected to launch a

\$100m five-year Eurobond

offering, via CSFB, early next

Elsewhere, the flow of Ecu-

denominated Eurobonds con-

tinued as DNIR, the Dutch re-

development bank majority-

owned by the government,

Corporacion Andina De Fom-

The pricing of Banohras's

ernment's latest fiscal package was not accompanied by a cut in the 2.5 per cent official discount rate. Analysts axpect the Bank of Japan to monitor the currency's reaction to the package for a while before easing, hut most expect the cut to be imminent.

■ US Treasuries continued to

trade in a volatile fashion yesterday morning, posting modest early gains at the long end of the market before a rush of selling at noon pushed prices into negative territory. By midday the benchmark 30-year government bond was down 3 at 1034, yielding 5.992

At the short end of the market, the two-year note was unchanged at 100 %,

raised Ecul50m through an

Lead manager Nomura said

the DNIB issue was designed to

tap the remaining pockets of

demand, particularly in Swit-

sche LB Cap.Mods.

US DOLLARS

D-MARKS Republic of Venezuela

FRENCH FRANCS

Euromolio) Mitsuf & Co.(c,d) Milisuf & Co.(c,e)t

PESETAS

CANADIAN DOLLARS

issue of five-year Eurobonds.

BENCHMARK GOVERNMENT BONDS | Red | Price | Change | Yield | | 9,500 | 05/03 | 119,9605 | -0,246 | 6,71 | 9.000 03/03 112-3900 +0.150 7.16 7.20 7.11 BELGIUM 7.500 12/03 104.1000 +0.315 6.93 6.70 6.97 CANADA : 8.000 05/03 107.5000 -0.150 6.89 6.82 8.78 5.750 11/88 100.1014 +0.044 5.70 5.63 6.750 10/03 103.9500 -0.120 6.21 6.14 9,500 07/03 102-5550 +0.555 6.14 6.15 6.31 10.000 08/03 103,4750 -0.690 9.67† 9.64 A.500 08/89 105.8778 +0.149 3.57 3.52 A.500 08/03 103.0400 +0.644 4.07 4.00 7.000 02/03 106.7300 +0.080 6.06 5.04 6.21 10,900 06/03 109,9000 -0.150 9.31 9.06 9.47 7.250 03/98 103-05 -8.000 08/03 106-20 -1/32 9.000 10/08 114-28 1/32 5.41 6.03 5.750 08/03 102-19 +12/32 6.250 08/23 103-00 +10/32 ECU (French Govt) 6.85 6.59 6.83 8.000 04/03 109.2900 +0.220 London closerg, "denotes New York morning session Yields: Local merket standard † Gross annual yield (including withholding tor at 12.5 per cent payable by non-residents.) Prices: US, UK in 02nds, others in decimal Technical Data/ATLAS Price Sources

to yield 3.841 per cent. The day's economic news slow August industrial production growth, a small increase in weekly jobless claims and a narrowing in the trade deficit was mostly hullish for bonds, hut given the market's uncertain, nervous mood, the data had little impact on

prices. Prices opened firmer, buoyed hy Wednesday's late rally

zerland, for current-coupon

bonds in the Ecu sector. The bonds were re-offered at 99.47

and were not freed to trada by

As with the other recent

NEW INTERNATIONAL BOND ISSUES

Oct.2000 2.25(b)

Oct.1998

100R Oct.2003 0.50R

Oct. 1998

101.40 Oct.1998 1.625

First terms and non-calleble unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager, throating rate note. #Semi-nonual coupon, R: fixed re-offer price; fees are shown at the re-offer level, a) Coupon pays 6-menth Libor - 0.25%; minimum 5%, maximum 8%, b) Plus 0.5% listing lee, d) Short 1st coupon, d) Coupon pays 4% until 6/1/97 and 5.3% thereafter, Calleble on 6/1/97 at pays 4. a Coupon pays 6-menth Libor - 0.375%; minimum 4%, maximum 6%, f) Coupon pays 3-neprits 8A's - 0.3%; minimum 6%, maximum 8.85%, g) Spread relates French BTANs.

the end of the afternoon.

99.3036

which all but wiped out the day's early heavy losses. Yet yesterday the initial upward momentum could not be sustained, and prices see sawed erratically just after midday in the slipstream of trading on the futures market.

than the French government's

Ecu paper. This reflects the fact that there has been a

sbortage of new Ecu-denomi-

Deutsche Bank London

0.25R +20 (5%%-98) Mertil Lynch Cap.Mkts.

Because of the Jewish new year holiday, trading was relatively thin, which only exacerbated the market's vola-

to the two exchanges. However, Mr Minoru Nagaoka, president of the TSE, Argentina set to continue Latin American sequence tions.

DEMAND for a new closed-end

The Beta Viet Nam Fund has raised \$65m through the placing of 1.3m units, well above its target of \$50m. Before its launch, the only quoted vehicle for investment in the country was the Vietnam fund. Both

investment. The remainder was bought by institutions.

0.59

bond futures strongly criticised Simex for not consulting with the

Singapore presses

on with Japanese

By Emiko Terazono in Tokyo and Tracy Corrigan in London

THE Singapore International Monetary Exchange is to go ahead with plans to launch a Japanese government bond futures contract, in spite of objections by the Tokyo stock exchange.

Mr Ang Swee Tian, president of Simex, said the decision to list the contract - from October 1 - was in response to demand from international market participants, particularly the US-based Managed Futures Association.

"We also explained to the TSE officials that we believed the development of a Simex JGB contract would generate increased interest in the JGB market among global users. many of whom already trade Simex's short-term Eurodollar and Euroyen interest rate con-

tracts, said Mr Ang. He added that the intermarket trading opportunities would be "mutually beneficial"

exchange before the plan's announcement The move by Simex will harm the supply and demand situation as well as the market

The Simex contract is identi cal to that of the TSE, with a 6 per cent coupon and a 10-year

mechanism on the TSE, he

maturity. The row is expected to worsen the relationship hetween the two exchanges which bas already been soured by the success of Simex's Nik-

kei futures contract, based on

the Nikkei 225 stock index of the TSE. Tha TSE has blamed stock futures and options trading for the volatility of Japanese shares, and has been unhappy over Simex's refusal to imple ment restrictions.

Trading of Nikkei futures on Simex has soared while tbe Osaka stock exchange. which lists Nikkei 225 stock futures, has tried to curh trading by increasing regula-

Closed-end Vietnam fund meets with strong demand

By Antonia Sharpe

fund which invests in Vlatnam has exceeded expectations, reflecting the growing international interest ln a fastgrowing Asian economy.

funds are listed in Dublin.

Mr Peter Scott, chief executive of Beta Funds, which specialises in investing in emerging markets, said around 20 per cent of the units were bought by Swiss, Scandinavian and Malayslan companies looking for an exploratory

its economic embargo against Vietnam, the fund will he reopened in order to satisfy demand from US investors, Mr Scott said.

US companies are barred from investing directly iu Vietnam and can only participate in development projects which are funded by international financial institutions, such as the World Bank or the International Monetary Fund.

The immediate aim of the Beta Viet Nam Fund Is to invest in joint ventures that are likely to get a stock market listing in the future. The long-term objective of the fund is to devote its investment to listed companies.

For example, the fund is thought to be involved in a joint venture which will huild and operate a new International passenger termical at In the event of the US lifting Noi Bal Airport in Hanol.

7.98 8.22 8.33

7.55 8.23 8.35

MARKET STATISTICS

a.75

5.75

a.75

1bn

100

10bn

FT/ISMA INTERNATIONAL BOND SERVICE	LIFFE EQUITY OPTIONS	
The latest international bonds for which there is an adequate accordary market. Latest prices at 7:10 pm on September 16 (as pm) (as	RISES AND FALLS YESTERDAY	Call Call
RABAN STRANGETS 1500 1731 1712	F.P. 117 108 24-start Frace to to 2020 1144 1075 10	Selection Color Color
Substance Subs	TRADITIONAL OPTIONS First Dealings Sept. 15 Last Dealings Sept. 24 Last Dealings Sept. 25 Last Dealings Sept. 25 Last Dealings Sept. 26 Last Dealings Sept. 27 Stone, Mirror Group, Monument Oil, NSM, Proteus, Shandwick, TR Technology. Puts: NSM. Put & Call: Aveco, BM Grp, Monument Oil.	Premiums shown are based on closing offer prices Premiums shown are based on closing offer prices
75.000 1034, 1044, +14, 4.23 (2800 74, 617, 27, 63 200 2332.6 96%, 100%, +19.12 200 1054, 1054	FT-SE ACTUARIES INDICES The FT-SE 100, FT-SE 101d 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries industry Bethevic are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited to The International Stock Exchange of the United Kingdom and Republic of Ireland Limited to The International Stock Exchange of the United Kingdom and Republic of Ireland Limited in Confunction of the Internation Indices in Confunction with the Institute of Actuaries and the Pacitity of Actuaries, or The Financial Times.	2 5-15 years (23) 154.18 +0.08 154.05 1.68 9.82 7 (high 5 years 7.39 7.39 9.10 3 Over 15 years (9) 173.03 +0.01 173.01 0.74 9.79 8 (Coupons 15 years 7.57 7.57 7.57 7.57 9.47 4 irredeemables (6) 203.78 -0.46 204.73 2.86 8.83 9 (11%-) 20 years 7.58 7.58 9.47 5 All stocks (62) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (62) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (62) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (63) 10 irredeemables (64) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (65) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (65) 10 irredeemables (65) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (65) 10 irredeemables (65) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (65) 150.02 +0.03 149.98 1.72 0.23 10 irredeemables (65) 150.02 10

Rise for UK as prices hold firm and expansion in Germany

RMC little changed at £61.6m

RMC GROUP, the concrete producer, reported a slight decline in first-half pre-tax profits from £62.1m to £61.6m despite higher operating profits in both the UK, where ready mixed concrete prices firmed, and Germany.

Turnovar from continuing operations in the eix months to June 30 increased by t1 per cent to £1.56bn (£1.4bn) including £71.7m from acquisitions in Germany. Operating profits were £8t.3m (£78.7m) including £5.8m from the acquisitions.

Over the past 2% years the group has invested between £270m and £280m in its cement operations in eastern Germany. This is reflected in an £23.2m (£18.5m). The merger of the east and

west german operations in April enabled RMC to take advantage of enbstantial tax reliefs and incentives available

in eastern Germany.

Overseas tax fell to £15.1m (£24.2m). The overall charge dropped to £16.3m (£26m), a rate of 26 per cent which was expected to be maintained for at least five years.

Earnings per share, after allowing for higher minorities, increased to 13.4p (12.1p) with about 1p of the gain reflecting currency movements. The interim dividend is maintained

at 6.6p per share. In the UK delivered volumes

continued at a high level for expanded operations in Germany of ready mixed concrete and turnover of £452.1m (£440.9m) reflecting the cost reductions

Peter Young, left, and Jim Owen, chairman: building activity

aggregates fell further with sand and gravel volumes down by 2 or 3 per cent. However operating profits increased to 514m (£8.8m) on housing sector.

group managing director, said construction activity in Germany continued at a high level because of strong demand for housing in the west and an expansion of building work in Overall operating profits of the expanded German operations increased to £50.4m

In addition RMC said small

increases of up to 3 per cent in

the price of ready mixed con-

crete in the first half had held.

Overseas Mr Peter Young,

(£40.5m) on turnover of £654.6m However elsewhere in the EC, with the exception of the Natherlands, there was an

overall decline in profitability to £12.4m (£23.6m) on turnover which declined to £305.5m (£334.2m). The decline was most marked in France and Spain where volumes fell by 11 per cent and 19 per cent respec-

Activities in the south eastern US states showed a significant improvement but an associated undertaking in northern California continued to experience difficult trading condi-

Exceptionally competitive markets reduced profits in Austria and the group's Israeli concrete eubsidiary was affected by labour problems. But the Israeli roadstone operations, which are an associated undertaking, boosted

RJB set to bid for large part of British Coal

By Michael Smith

RJB Mining, the recentlyfloated mining group, said yes-terday it expected to bld for a large section of British Coal in the forthcoming privatisation, as it declared interim profits up 25 per cent to £5.55m which were at the top end of expecta-

Mr Richard Bndge, chair-man, said he was delighted by government indications that it planned to break up the corporation into five parts. He expected to be a bidder for at least one of the main sections.

RJB has already submitted tenders to mine under licence five pits which are no longer wanted by British Coal, although one - for Easington in the north-east of England has been withdrawn. It plans to bid for up to seven more if British Coal starts to effect closures among 12 plts reprieved by the government

in March. The City approved of RJB's performance for the half year to June 30, lifting the shares by 10p to 269p. RJB's profits, which compared with 24.45m last time, were achieved on

turnover of £37.74m (£37.3m). The result enabled RJB to declare an interim dividend of

5p, covered t.83 times.

Davis Service ahead at £8.47m

achieved over the last year and

improved results from those

By Peter Pearse

PRE-TAX profits at Davis Service Group, the now reorganised and refocused business services concern, rose from £8.03m to £8.47m in the six months to June 30.

The results for the first half of 1992 were skewed by a £2.45m contribution from Godfrey Davis (Contract Hire), sold in April 1992 for £5.75m. and a net interest charge of £2.53m, which was mostly the

result of the large amount of "back-to-back" borrowings incurred by the contract hire business. Net interest payable this time came to £456,000. Gearing at the period-end

was 23 per cent on borrowings of £25.5m. £18m of which were built up by the £52m acquisition in May of HSS Hire Services Group from John Mow-

The 170-strong HSS chain contributed £699,000 to continuing operating profits of

£8.93m (£8.11m) and £10.2m to continuing turnover of £119m (£101.7m). It is expected to grow at the rate of 20 outlets a year. Total group turnover came to £127.7m (£124.7m).

Mr George Boyle, finance director, said as had been foreseen, demand in the group's markets bad remained flat, making for increased competition and pressure on margins. Earnings per share advanced

to 6.51p (6.39p) and the interim dividend is held at 2.73p.

New centre helps Bentalls cut interim deficit to £419,000

By Paul Taylor

store operator, reported a reduced interim pre-tax loss yesterday belped by an exceptional gain and the first rental income from the recently compieted Bentall Centre in King-

The group, which operates seven department stores in the south east of England, reported a pre-tax loss of £4t9,000 (£1.05m) in the six months to July 3t. But despite posting losses per share of 0.67p (0.29p), the group is maintaining the

6p interim dividend. interest charges which Turnover grew by 11 per cent increased to £399,000, against 0.6p interim dividend. BENTALLS, the department to £33.8m (£30.5m) led by the £75,000 last time when the flagship Kingston store, which

> total, and by sales of household Operating profits of £480,000 (£971,000 loss), were bolstered by the £825,000 minimum guaranteed rental income from the Bentall Centre which opened in November and by £345,000 in receipts from reductions in the Uniform Business Rate on two

> accounts for 60 per cent of the

of the smaller stores and the head office building. These gains helped offset

group benefited from £1.27m of capitalised interest.

Mr Edward Bentall, chairman, said the results included reduced losses at the group's store at the Thurrock Lakeside shopping centre which was acquired two years ago. In the second half, the group

is also expected to benefit from the increased customer traffic generated by the Bentall Centre, particularly during the important Christ-

Wassall rise 56% to £9.7m

By Roland Rudd

WASSALL, the conglomerate run by former Hanson executives, yesterday announced pre-tax profits up by 56 per cent to £9.74m in the first half of 1993, on increased sales of £133.1m (£117m)-

The results were helped by a strong performance from DAP, a US supplier of DIY products, and the closures business. manufacturing plastic bottle tops, in both the UK and South

Mr Christopher Miller, chief executive, said: "In the UK, the ingredients for a sustained economic improvement are already in place although full recovery may have to wait for further fall in continental interest rates."

Net cash at the end of the half year was £28m, down £3m on the previous year end reflecting the increased funding requirements in last six

Mr Miller said: "We would increase earnings just by spending our cash, but obvi-ously we want to use it on an acquisition which will enhance the company. We are confident we will catch our

Last year the group was thwarted in its attempt to acquire Rvode, the chemicals and plastics company, by Laporte, the speciality chemi-

cals company.

Increasing demand for plastic bottle tops was behind closures's 30 per cent profit

Although volumes from Antler, the suitcase business, were unchanged, prices suffered leading to a fall in profits to £512,000 (£638,600).

Earnings per share rose to L2p (3.3p). The interim dividend is increased to 1p (0.76p).

• COMMENT:

Yesterday marked the fifth anniversary of Wassall. With hindsight 1988 could not have been a worse time to start a conglomerate: the UK economic boom was on the verge of imploding and industrial holding companies were about to go ont of fashion. To increase operating profits by 28 per cent to £9.5m demonstrates a resilence in the face of difficult markets. The group's size gives it an advantage over other conglomerates struggling to pull off a big deal. Its £380m market capitalisatioo - from £1.9m five years ago - is relatively small. That makes it easier to make another acquisition two years after it bought DAP in the US and three years after it acquired metal closures in the UK. With forecast annual pretax profits of £27m, the shares - up 8p to 252p - ere on a justified prospective multiple

US helps | Commercial realities nibble into UB's global ambitions

By Guy de Jonquières, Consumer industries Editor

TWO-and-a-half years after a cadre of youthful managers took command at United Biscuits with bold plans to build an international biscuits and snacks empire, harsh commercial realities are starting to define the limits of their global ambitions.

Since 1990 a string of acquisiions in continental Europe and Australasia have substantially widened the geographic spread of the previously UK-centred group and lifted overseas sales to more than half its total turnover.

However, while these additions have so far performed well-contributing more than a third of first-half group operating profit, UB faces an even tougher struggle than it bargained for in solving the prob-lems at Keebler, its troubled US subsidiary. Indeed, Keebler's stuttering

recovering from the ravages of last year's "cookie wars" -despite much top management attention - appears to be trying UB's patience and raising questions about the strength of

its long-term commitment to the US market, which provides a third of group sales. At the same time, the position of the group's British biscuits and snacks businesses - on which it has relied to fund much of lts foreign expansion - is starting to look less impregna-

Squeezed by keen price com-petition and a sharp rise in raw material costs, McVitie's UK operating profits fell nine per cent in the first half, while the KP snacks division achieved only a two per cent

While some of the pain reflects the short-term impact of recession and sterling's devaluation, UB is reconciled to a possibly permanent reduc-tion in its historically high UK margins in order to maintain its dominant market share. Across the Atlantic, UB is

pursuing the reverse strategy. After insisting a year ago that Keebler's immediate priority was to re-build its battered market share, the group now says it aims to slim the US company's business back to a profitable base. The shift of objective recog-

nises what UB concedes is Keebler's disappointingly slow progress to date. Its sales of branded cookies and crackers fell sharply in the first half and margins are still far lower than before the cookie war, Though operating profit rose 22 per cent, most of the increase came from Bake-Line the own label biscuit maker acquired earlier this year. But even if Keebler's mar-

gins can be re-built, its long-term future looks uncer-Sir Robert Clarke, UB's chairman, did not discourage suggestions yesterday that Keebler might be classified along with Ross Young's, the UK frozen food division, as a business which was not central to group strategy and might be sold if the right bld came

along. There is no suggestion yet that blds are being sought for Keebler. However, UB does not disguise the fact that it is now focusing most of its international expansion effort on Asia and continental Europe, where it has yet to acquire a substantial presence in any of the larger countries.

M des

New chief executive for troubled Hartstone

By Peggy Hoffinger

HARTSTONE, the troubled hosiery and leather group which is in refinancing talks with its bankers, yesterday announced that it had found a new chief executive to replace Mr Stepben Barker, the founder of the company who

left following a series of profits warnings earlier this year. Mr John Hunter, aged 56, for-mer chairman of SmithKline Beecham Consumer Brands, will take over as chief executive from November. He is also a director of Wace Group, Blue Circle Industries and David

Lloyd Leisure. Mr Hunter who retired from SKB some nine months ago,

said he had accepted Hartstone

"because I like a challenge

. . and there are opportunities as well as challenges in this business." Ha was granted options yesterday and said he intended to buy shares in the market. Mr Shaum Dowling, who has

been conducting the refinancing talks and running the group as executive chairman since May, said yesterday the appointment marked a "red letter day for Hartstone".

He and Mr Hunter would be jointly involved in the refinancing talks, which must be completed by January when a standstill agreement expires. Hartstone is believed to be

considering a further appointment to the board, possibly a US director. This could dampen rumours of a sale of the US leather goods division.

Oriel losses at £28,000

ORIEL GROUP, the USM- figures for three weeks are quoted insurance broker, reported pre-tax losses of \$28,000 in the half year to the end of June, against profits of interim dividend is maintained end of June, against profits of

The result was in line with expectations set ont in the chairman's statement with the 1992 report and accounts. A loss of £1.28m in the second half left annual pre-tax losses at £74,000.

Income for the first half of 1993 was £4.65m, including £364,000 from acquisitions, against £6.66m. Towards the end of the period the company bought Warranty Holdings and included.

Losses per share came out at at 2p. Mr Nigel Cayzer, chairman, said the move reflected the underlying profitability.

Correction

Devro Intal

Devro International had pre-tax profits of \$4.44m in the six months to June. The figure was reported incorrectly in yesterday's edition.

Laporte attracted to the US

By Andrew Bolger

LAPORTE, the speciality chemicals group which reported half-year results yesterday, said the US was looking more attractive for much of its businesses, which now account for 35 per cent of

group turnover. The group sells 30 per cent of its output in the UK. However, it said European markets remained subdued and no significant improvement was envisaged for the rest of the

 COMMENT The sharp increase in the share

price reflected what one analyst described as a "stupendous" performance from Evode. Analysts bave Analysts · bave upgraded their full-year forecasts to about £110m, which puts the shares on a prospec-tive multiple of 15.5. A group so well placed to benefit from recovery in the UK and US might expect to be on better than a market average rating at this stage in the cycle, but there remains suspicion in the City towards the company. The performance of its other esses was also subdued. after stripping ont acquisitions and currency effects. A period of consolidation has been promised while recent acquisitions are absorbed. Such a pause, combined with solid trading as demand improves, could see the shares rise in the medium term.

NOTICE OF EARLY REDEMPTION

Notice to the Holders of

£200,000,000 Floating Rate Notes Due 1994 (the "Notes", which comprise two series of £100,000,000 each, which were issued on 13th October, 1987 and 29th February, 1988

respectively, and of which £56.5 million are currently outstanding)

LEEDS PERMANENT BUILDING SOCIETY (the "Society")

NOTICE IS HEREBY GIVEN THAT, in accordance with Condition 5(c) of the Notes, the Society will redeem all of the ourstanding Notes at their principal amount on the next Interest Payment Date, 21st October, 1993. Payments of principal in respect of the Notes will be made on or after 21st October, 1993 at the specified office of any of the Paying Agents listed below against presentation and surrender of the Notes, by sterling cheque drawn on a Town Clearing Branch of, or by transfer to a sterling account maintained by the payee with, a bank in the City of London, subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 of the Notes. Coupons due on 21st October, 1993 should

be presented and surrendered for payment in the usual manner. Each Note presented for redemption should be presented together with all unmatured Coupons appertaining thereto. Unmarured Coupons due after 21st October, 1993 (whether or not attached) shall become void and no payment shall be made in respect thereof.

Notes and Coupons will become void unless presented for payment within a period of 10 years in the case of Notes and 5 years in the case of Coupons from the relevant date (as defined in Condition 7 of the Notes) relating thereto.

The specified offices of the Paying Agents are:

Principal Paying Agent: ring Brothers & Co., Limite 155 Bishoper London EC2M 3XY

Other Paying Agents: an Guaranty Trust Company of New York 35 Avenue des Arts

B-1040 Brussels

43 Boulevard Royal L-2955 Luxerabuure Issued on behalf of Leeds Permanent Building Society. ries Beak Corpora CH-4002 Bask

Whatman lifts profits 8% to £4.6m midway

By Peter Pearse

WHATMAN, the specialist paper, filtration equipment and gas generator manufacturer. ifted pre-tax profits 8 per cent from £4.22m to £4.56m in the first half of 1993.

There was an underlying growth in sales of 6 per cent. but once a £1.2m contribution from acquisitions - principally Biometra Biomedizinische Analytik acquired in March for up to £4.06m - and exchange rate factors are added in, turnover advanced 30 per cent from £25.9m to £33.7m.
The exchange rate in the half was £1/\$1.51, against £1/\$1.91 last time. Mr Hugh Perrott,

finance director, said that cur-

rency movements had little

impact on profits, as the for-

ling's devaluation. In sales terms, the UK, where they slipped after a strong performance in the corresponding period, accounted

for less than 15 per cent; North America spoke for some 60 per cent; continental Europe 15 per cent; and Japan 5 per Expenditure on new product davelopment showed a 15 per cent increase over last time,

were taken ont before ster-

and now accounts for 5 per cent of sales. Net borrowings grew by almost £4m to £5.5m over the half, though acquisitions accounted for £2.5m of that. There was also a seasonal rise

of £1m in inventories. The interim dividend is raised 6.5 per cent to 3.3p ward contracts covering the (3.1p), payable from earnings foreign exchange exposure up at 12.9tp (12.28p) per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	corres - panding dividend	for year	last year
Assoc Brit Portsint	3.5	Nov3	3.25	Ţ	8.5
APVint		Nov 26	2	•	5.4
Bentalisint	0.6	Nov 5	0.6	•	1.9
Brittonint	0.06 -	Nov 12	-	•	-
British FittingsInt	0.75	Nov 26	0.5	-	1.5
British Mohairint	1.4	Oct 22	1.4	-	8.5
Davis Serviceint	2.73	Oct 29	2.73	-	7.98
Dowding & Millsfin	1.58	Oct 28	1.58	2,5	2.5
Edmondint	0.15	Dec 5	0.35	-	0.5
Folkesint	0.575	Dec 2	0.575	-	1.5
inti Food Mechint	1.4	Nov 24	-	-	•
Kwik-Fit	1.5	Nov 1	1.35	-	3.35
Laporteint	7.4	Nov 11	7		19.5
Legal & Generalint	8.5	Dec 1	6.2	-	16.1
Logicafig	2.75	Nov 5	2.5	. 4	3.65
Oriel 9int	2†	Jan 10	2	•	5
Paritheonfin	0.5	Nov 28	2.5	0.5	2.5
Photo-Me	3.2	Jan 4	3.1	4.6	4.4
RJB Miningint	5	Oct 12	-	-	-
FINC Group	6.8	Dec 1	6.6	_	20
Sheffield Insulint	1.8	Nov 16	1,8	-	5.4
Sirderfin	3.7	Nov 29	3.5	5.35	5.15
Spandex §int	21	Jan 14	1.9	-	8.5
United Blacuitsint	5.5	Jan 4	5.5	_	15.3
Wassalf Int	7	No. C	0.76	_	25

Dividends shown pence per share net except where otherwise stated, †On increased capital, §USM stock.

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Strong recovery on general insurance side bolsters midterm profits

Legal & General rises to £75m

A STRONG recovery in the performance of its general insurance business hefped Legal & General, the composite insurer, to increase pre-tax profits from £72.5m to £75m for the first six months of

The underlying increase was stronger since last year's profits were bolstered by £31.5m from the ease of the UK investment management husinesses to the L&G Society Life

Earnings per share rose to 6.5p (6.2p) and the interim dividend is being lifted from 6.2p to 6.5p, an increase of 4.8 per

Mr David Prosser, group chief executive, said the results "demonstrated the strong management actions taken to improve performance."

APV, which suppfies

processing equipment to the

food and drink industries.

hlamed continuing pressure

from competitors on margins

for a sharp drop in its profit-

The group, which is restruct-

uring after expanding rapidly

hy acquisition in the 1980s,

said it would accelerate its programme of cutting costs, dis-

posing of non-core businesses

and increasing market penetra-

THE effects of the recession

continued in the first half et

Folkes Group, with ongoing

pressures on margins and vol-

umes pushing pre-tax profits from £650,000 to £200,000.

Mr Constantine J Folkes, the

chairman and chief executive,

pointed out that profits in the

property division were margin-

ally higher, but both the engi-

Pre-tax profits fell from £12m

tion in key areas.

By Andrew Bolger

ability.

Profits from worldwide fife and pensions business increased from £75.4m to £77.7m# In the UK, total life and pensions profits grew by 8 per cent to £59.7m reflecting underlying growth in the portfolio and an increase in the number of maturing pol-

Total premium income for the half year rose from £692.1m to £950m, with new business up by 27 per cent to £122.7m. Annual premiums of £74.1m compared with £73m and new single premiums doubled from £235.1m to £486.tm.

Overall growth in new pre-miums reflected the gradual emergence of the economy from recession, said Mr Prosser. L&G had also benefited from tighter control of distribution channels.

A small profit of £200,000 was recorded on general insurance profit figures have followed

June 30 on sales which were

down from £437m to £417m.

Turnover of continuing

operations increased by £4.3m

to £416m, although changes in exchange rates inflated the

overall sales figure by more

operations, excluding divest-

ments, was £9.7m, compared with £12.5m in 1992. Currency

effects added £1,5m to the prof-

The group said its order

book at the end of June was 4 per cent fower than at the

same stage last year, hut the

sectors showed a downturn

The Interim dividend, how-

ever, is maintained at 0.575p.

Earnings per share declined

to June 30 was virtually

unchanged at £20.1m (£20.4m)

giving a trading profit of

£312,000 against £723,000. Inter-

Turnover for the six months

compared with last time.

from 1.25p to 0.28p.

Profit from continuing

than £50m

its figure,

to £4.9m in the six months to value of orders received in July

Folkes falls to £200,000

neering and huilding products est took £112,000 (£73,000).

APV declines sharply midway to £4.9m

business. The most important factor here was an improvement in the mortgage indemnity account following the establishment of significant reserves in recent years. The account broke even in the first half compared with e loss of £26.4m last year.

Profits from property insur-ance amounted to £8,8m, mainly as a resuft of rate increases and a fail in weatherrelated claims. Total worldwide funds under management reached £28bn at

£3.3bn since the beginning of COMMENT

Legal & General appears to have put some of its recent troubles behind it with the effects of management changes bearing fruit. Yesterdey's

and August was much higher.

Mr Cfive Strowger, chief executive, has closed five pro-

duction plants and sold six

husinesses since he wes

appointed in June last year.

The group's workforce fell by

400 to just under 11,000 in the

six months to June. Two years

Sir Peter Cazalet, chairman,

said customers in the UK and US would only invest in capital

equipment when they were

confident that there was a sus-

He added: "The group's businesses in the Asia Pacific

region continua to enjoy

tained economic recovery.

BRITTON Group,

expanding packaging group formed last October, yesterday

announced pre-tax profits of

£520,000 for the first half of

1993 from a turnover of £6.39m.

Mr Harry Westropp, chair-man, said the results were as

expected. The second half had

started satisfactorily with the

group henefiting from improved working capital con-

Group balance sheet

ago it stood at 14,000.

oews of a pick-up in new busi ness growth. The 4.8 per cent the end of June, a rise of

interim dividend increase indicates a full year dividend of about 20p, leaving a prospec-tive yield of more than 5 per cent, well above the sector average. Strong asset backing will also provide imderpinning, while reduced exposure on the domestic indemnity front should lead to less volatility in the share's performance. How-ever, L&G has significantly outperformed the market since last autumn, indicating that investors have discounted some of the recovery already. Tha picture is also clouded

because of concern about the future of the endowment market - in which L&G is a big pfayer - after the government's decision this year to impose new disclosure rules on commissions. All this will limit

favourable economic and market conditions. However, it of five. The group had also written may be some time before there is an improvement in the economic climate in continental Europe, which is the source of nearly 40 per cent of the the group's orders and sales."

The group said reduced trading profits and significant rastructuring costs would depress UK taxable profits this year, resulting in a substantial Advance Corporation Tax write-off, giving an effective tax rate of 51 per cent. Earnings per share fell from 2.8p to 0.7p, but the interim dividend

expected interest charges.

Since the period end Britton

has acquired TACO, e poly-thene extruder, funded by e

£31.4m pfacing and rights

issue, making the group the second fargest polythene

Earnings per share for the

period were 0.28p. An interim

of 0.06p has been declared.

extruder in the UK.

was held at 2p. Britton turns in £0.52m new territories. trol resulting in lower than

past two years.

Photo-Me rises 7% but shares tumble 50p

By David Blackwell

SHARES OF Photo-Me International, the world's largest photo-booth manufacturer and operator, fell aharply yesterday as the group reported pre-tax profits for the year just 7 per cent ahead at £17.59m, against £16.41m. While sterling's devaluation

contributed £2m to pre-tax profits, the gains were absorbed by high depreciation costs, which reached £14.3m (£11m). The shares closed down 50p at 343p.
Operating profits before

depreciation rose to £31.78m (£27.42m), while turnover grew to £134m (£114.8m). Mr David Miller, managing

director, said that the rise in depreciation costs reflected the cost of installing instant printing machines for tetterheads and labels, as wefi as upgrading 600 photo-bootbs with equipment that provided prints in three minutes instead

down to zero assets on en older husiness in Europe, taking a one-off charge of £1m, and incurred start-up losses in Eastern and Central Europe. Mr Miller said the company

was disappointed by the lack of growth in its key markets, but it had "taken our bad news on the cbin."

The group would continue to concentrate on its core photographic and imaging bnsinesses, including "Fun" stndies, which allow customers to be photographed in front of famous hackdrops or with celebrities. It hed signed agreements to sell "significant quantities" of equipment to

The group continues to expect potential growth from its data identification systems division, which provides photos for identity cards. It hlamed "governmental financing" for slow growth in the Earnings per share eased to

17.58p (17.9p). A final dividend of 3.2p is proposed, giving e

Increased core demand helps Kwik-Fit to £11.5m Kwik-Fit

By Catherina Milton

HIGHER demand for tyres and exhausts and a third year of stringent cost control hefped Kwik-Fit Holdings report a rise in pre-tax profits to £11,5m for the six months to August 31 against £9.74m.

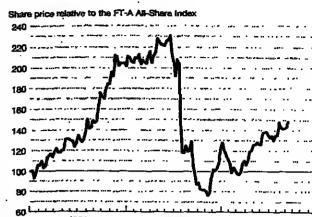
The company had gained a small amount of market share in the period, Mr Tom Farmer, chairman, said. "As long as there's cars on the road and as iong as the consumer has money to spend on the repairs to those cars then we will get a substantial share of that mar-

Kwik-Fit began its push into the brake replacement market

in July. "Early indications have shown that this could become an important growth area for Kwik-Fit and by October of this year we will be in a position to offer and market this service through 90 per cent of our centres." Mr Farmer said. The move is expected to cost

about £2.5m in training and advertising expenses this year. Kwik-Fit believes the brake replacement market is worth more than £500m, twice the value of the current exhaust replacement market. Group turnover increased 11

per cent to £132.1m (£119.2m) on the back of increased demand for tyres and exhausts. Operating profits rose 36 per cent to £12.3m (£9.08m) but the



gain at the pre-tax level was from car dealers. There are, limited by e fall in profits from bowever, chaffenges to conasset sales to £207,000 from £1.73m.

Capital expenditure fell from £9m to £3.3m. Net interest and other financial charges felf sfightly to £1.06m, compared with £1.07m.

The board declared an increased interim dividend of 1.5p (1.35p) out of earnings per 3.820.

share higher at 4.7p, against COMMENT Kwik-Fit has done well to gain

market share and lift profits in

its static markets and in the

face of growing competition

margin economy tyres and it will be hard to achieve more tban modest growth in its share of the stable exhaust pipe market it dominates. But the company and the City have high hopes of its well-timed and inexpensive move into brakes. Meanwhile, the Nether lands' operations look back on track, making useful contribution to profits. With pre-tax forecasts about £21m to £22m. a multiple of about 20 looks

bowever, chaffenges to con-

tinuing growth for this opera-tionally geared company. Con-

sumers stifl prefer fower

British Fittings back in black

THE STEPS taken last year to restructure management and control costs have put British Fittings Group back in the hlack in the six months to June 30.

Despite continuing adverse trading conditions, the group turned in pre-tax profits of £672,000, against £1.02m iosses last time. The results have been prepared according to FRS 3 and comparetives restated.

Turnover in continuing businesses fell 6 per cent to £34.8m (£36.96m), hut operating profits total for the year of 4.6p (4.4p). on these businesses rose by 32



per cent to £1.43m (£1.09m). The group's activities cover pipeline equipment distribu-

ucts and non-ferrous metals distribution. Interest charge for the half

year was fower at £762,000 (£1.28m) and after tax of £70,000 (nil), earnings per share were t.71p (5.1ip losses). The interim dividend bas been raised hy 50 per cent to 0.75p (0.5p). Mr Michael Borlenghi, chair-

man, said working capital had remained under strict control and net borrowings had fallen hy a further £977,000 to £18.29m, making e reduction of over £5m since June

Angleveel Limited

Reg. No. 05/04580/06 (Incorporated in the Republic of South Africa)

is based (000)

Results and dividend announcement for the year ended 30 June 1993

Financial results

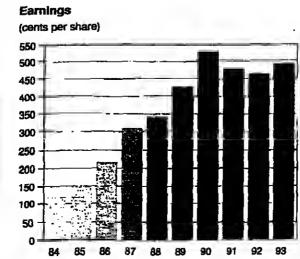
The consolidated audited results are as follows:

Group income statement	t		
	1993 Rm		Increase/ (Decrease) %
Tumover	8 509,5	8 205,8	4
Operating profit fncoma from investments	719,5 56,9		(4) 15
Profit before taxation Taxation	776,4 261,3	797,2 331,5	(3) (21)
Profit after taxation Equity accounted earnings	515,1 96,6	465,7 76,0	11 27
Profit after taxation Including equity accounted earnings Attributable to outside	611,7	541,7	13
shareholders of subsidiarias	318,6	264,0	21
Earnings attributable to equity shareholders	293,1	277,7	6
Earnings per share (cents) Dividend per share (cents)	486 105	464 100	5 5
Number of shares on which earnings per share	eu 202	50 817	

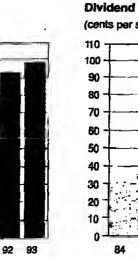
Source of earnings	40	993	19	92
•	Rm	%	Rm	%
Industrial				
Anglovaal Industries Limited	203,1	69	161,4	58
Mining				
Angiovaal Company - direct investments	37,9	13	47,0	17
Middle Witwatersrand (Western Areas) Limited	34,2	12	29,6	11
Finance				
Net interest, financial services and other	17,9	6	39,7	14
	293,1	106	277,7	100

60 292 59 817

		1993	1992
		Rm	Rm
	Capital amployed		
	Shareholders' Interest	2 558,2	2 328,9
	Outsida shareholders' interest	2 266,1	2 154,9
	Total shareholders' interest	4 824.3	4 483.8
	Debt capital	200,6	200,6
-	Delerred taxation	110,3	132,1
	Long-term borrowings	234,7	171,9
		5 369,9	4 988,4
ı	Employment of capital		
1	Fixed essets	1 652,6	1 4121
	Investments	1 533,2	1 504,3
	- associates and subsidiaries	$\overline{}$	
1	not consolidated	1 194,3	1 140,1
-	- listed	130,1	140,1
ı	- unlisted	208,8	224,1
	Loans and long-term debtors	47,4	49,1
	Net current assets	2 136,7	2 022,9
	Current assets	4 197,1	4 053,6
ı	- stock and debtors	2 690,2	2 628, t
1	- deposits and cash	1 506,9	1 425,5
1	Current liabilities	2 060,4	2 030,7
J	- interest bearing	160,2	254.9
	- other	1 900,2	1 775,8
ı		5 369,9	4 988,4
i	Net worth per share (rand)	105	104
	Market valua of listed investments, associates and subsidiaries not consolidated (Rm)	1 837,0	1 742,3
1	Carrying valua of listed investments, associates and		250
1	subsidiaries not consolidated (Rm)	903,1	859.4



	1993	1992	
Capital amployed	Rm	Rm	
Shareholders' Interest Outsida shareholders' interest	2 558,2 2 266,1	2 328,9 2 154,9	
Total shareholders' interest Debt capital Delerred taxation Long-term borrowings	4 824,3 200,6 110,3 234,7 5 369,9	4 483,8 200,6 132,1 171,9 4 988,4	
Employment of capital			
Fixed essets investmants	1 652,6 1 533,2	1 412,1 1 504,3	
 associates and subsidiaries not consolidated listed unlisted 	1 194,3 130,1 208,8	1 140,1 140,1 224,1	
Loans and long-term debtors Net current assets	47,4 2 136,7	49,1 2 022,9	
Current assets - stock and debtors - deposits and cash Current liabilities - interest bearing - other	4 197,1 2 690,2 1 506,9 2 060,4 160,2 1 900,2 5 369,9	4 053,6 2 628,t 1 425,5 2 030,7 254,9 1 775,8 4 988,4	
let worth per share (rand)	105	104	
Market valua of listed investments, associates and subsidiaries not consolidated (Rm)	1 837,0	1 742,3	
Carrying valua of listed eventments, associates and		}	



Earnings per share increased by 5 per cent over that of the previous year end the total dividend declared was increased similarly to 105 cents per share. Trading conditions, however, during the year continued to deteriorate and the decline in operating profit is indicative of the continuing pressure on margins being experienced by most operations carried out by companies within the Group.

Anglovaal Industries Limited's (AVI) contribution to Group earnings was 26 per cent higher compared to the previous year. The main reasons for this ware a full year's benefit from additionel investments by the Group in AVI made during the previous financial year, increased contributions from certain group companies, a full year's equity accounted earnings from Anglo-Alpha Limited and a significantly reduced effective Earnings generated from the Group's principal mining interests

was 20 per cent lower despite marginally higher dividends received from gold mining investments end a dividend of R4.1 million from Prieska Copper Mines Limited (Prieska), which ceased operations in January 1991. The contribution from The Associated Manganese Mines of South Africa Limited, a major contributor to the Group's mining income, daclined by 35 per cent for its accounting period of 18 months compared to the previous t2-month financial

Middle Witwatersrand (Western Areas) Limited's contribution rose by 16 per cent iollowing merginelly higher gold mining dividend income, a R3,8 million dividend from Prieska and a surplus of R9,0 million realised on the adjustment during the year of its gold share portfolio. The royalty received by subsidiary Saturn Mining, Prospecting and Development Company (Pty) Limited from the Venetia diamond mine Increased from R7,0 million to R9,0 million. Since the and of the linancial year, a further semi-angual royalty payment the financial year, a further semi-annual royalty payment amounting to R29,9 million hae bean received.

Financial earninge were substantially lower as a result of reduced central cash holdings and the softening of interest rates. Developments at Grusader Life Assurance Corporation Limited late in the financial year had an adverse effect on earnings from this sector. Provision has been made for potantial losses arising from assurance investments.

Prospects for the current year

The recent higher rand gold price has, for the first time in five years, provided mines with a greater degree of flexibility in planning the optimum exploitation of ore reserves at reduced pay limits. AVI has planned for continued growth in eamings in the current year. Although there are indications that the worst of the economic recession is over, these are perhaps not sufficient to outweld the challenges presented by the negative lactors – the uncertain political climate, violence, the deterioration in the balance of payments and the slow economic recovery of South Africa's major trading partners. The Group has accepted these as challenges and has planned for e small increase in earnings for the year ending

(cents per share) 85 86

Final dividend declaration

of 72 cents (1992: 67 cents) per share, making a total for the year of 105 cents (100 cents) per share and final N ordinary dividend No. 7 of 72 cents (67 cents) per share. making a total for the year of 105 cents (100 cents) per share, have today been declared payable to holdars of ordinary end N ordinary shares, salient dates related to the declaration being as follows:

1993

Last day to register for dividends and for change of address or dividend

Friday, 1 October

(both days inclusive) to determine which members qualify for the dividends

and registers of members will be closed

Pariod during which transfer books

Saturday, 2 to Friday, 8 October

Friday, 29 October

Currency conversion date for Sterling payments to shareholders Monday, 11 October paid from London

Dividend warrants posted (on or about)

The dividends are peid subject to conditions which can be inspected at the registared office or tha office of tha

Annual report circularised

London secretaries of the Company Thursday, 14 October (on or about)

Annual general meeting to be held at 09:00 af the registered office of the

Friday, 5 Novambar Company Period during which transfer books and

which members may attend the annual general meeting Saturday, 30 October to Friday, 5 November

For and on behalf of the board

Gliva S Menell Deputy Chairman

registers of members will be closed (both days inclusive) to determina

Registered nffice Anglovaal House 56 Main Street 2001 Johennesburg

15 September 1993

B E Hersov Chairman

London secretaries Anglovaal Trustees Limited 33 Davies Street London, W1Y 1FN

Oirectors: 2 E Hersov DMS, Hon. LL.O | Chairman), Clive S Menell (Deputy Chairman), 8 L Bernstein Hon. LL-D, Dr O D Dhlomo, E H Fox, J J Geldenhuys. E G D Gordon, Dr E J Mabuza, J C Robbertze, R T Swemmer, R A O Wilson Alternate directors: J R Hersov, R P Menell



Property side now well placed to produce a positive contribution

AB Ports advances strongly to £29m

By David Blackwell

SHARES OF Associated British Ports Holdings rose 16p to 452p yesterday on news of a neardoubling of profits from £15.1m to £29.4m pre-tax for the half year ended June 30.

However, the comparable fig-ure reflected a £10m property development provision.

Str Keith Stuart, chairman, said that following the £83.6m total provision made in 1992, the property business was wellplaced to produce a positive

Operating profits from property development were £1m fol-lowing a loss of £1.6m last time, while profits from property investment rose to £5.4m from £4.5m. Port related property profits contributed £10.2m

Operating profits from the ports and transport sector were £28.4m after taking a £4m charge for severance payments, mainly at Southampton Container Terminals, where manpower has been cut from 461 to 349. This was down on last year, when the sector had profits of £32.5m after £2m of

Sir Keith said the company now employed 1,800 people at its 22 ports, a reduction of about two-thirds in 10 years. There would be further sever-

DOWDING AND Mills, the

electrical and mechanical

repair company, said a third

year of recession had cut its full year pre-tax profits from

The board proposes a maintained final dividend of 1.58p

giving a total for the year held

at 2.5p uncovered by earnings

per share of 2.04p (2.65p).
"Although not covered by

attributable profits, the total cost of the dividend at £3.66m

is more than covered by nor-mal trading profits before deduction of exceptional

costs," Mr Peter Hollings,

Turnover for the year ended June 30 rose to £83.3m (£74.7m)

almost entirely on the first full

year contribution of a US

acquisition made at the end of

By Catherine Milton

£5.9m to £5.04m.

chairman, said.

Recession blamed

for Dowding fall

ance costs, he predicted, but nothing like on the same scale. The amount of cargo in tonnes passing through the ports had remained constant, said Sir Keith, but an improve ment that emerged towards the end of the half year had been maintainad in July and

Steel, timber and containers were higher, but coal imports were much lower. Sir Keith added that the car

trade had been strong in both directions. Production from the Toyota Darby factory was being exported through

Group turnover was slightly shead at £108.9m (£108.1m). Net interest payments were down to £17.8m from £20.8m. The group had a tax charge of £7.2m or 24.5 per cent, reflecting capital and other allowances. Previously tax was £4.6m, or 30.5 per cent.

Net borrowings were £359m

(£349m) giving unchanged

gearing at 60 per cent. Earnings per share improved to 11.9p (5.7p), elthough before the property development provision last year's earnings were 9.6p. The interim dividend is being raised from 3.25p

@ COMMENT Clearing the decks with a large

£628,000 one-off write-down of a

near 9 per cent stake in Torday

engineer, for which Dowding

and Mills made an abortive

bid, and which has since

declined in value. Last year's

£633,000 charge was for costs incurred in bidding for Torday.

Operating profits of £6.4m (£7.31m) included £857,000 from

"Although soma sectors of

the United Kingdom economy

have recently improved, we

the US acquisition.

& Carlisle, the Newcastle-based



Sir Keith Stuart: there will be further severence costs, but nothing like on the same scale

property provision might have pushed ABP into the red last year, but it has enabled a clearer picture to emerge this year. The group is sensibly planning to concentrate its property investment business on land near its ports. It also tings in the property develop-ment side, which has moved out of the red at the operating level At the same time income from the ports is holding up problema with

Southampton Container Terminals are over, and from now on

insignificant. Full-year pre-tax earnings of around £60m will give a p/e of about 19 - justifiable if the ports business continues untouched by European recession and the property husiness continues to

SHT cuts debts to £25m

By Nigel Clark

THE continuing efforts of Scottish Heritable Trust, the York-based conglomerate, to cut debt resulted in borrowings falling from £33.8m to £25m over the six months to June 30.

The prime objective remains debt reduction and since the period end, the sale of Fox Ridge Homes Inc has been agreed for \$8.7m (£5.6m). For the six months to the end of June, pre-tax losses increased from £2.9m to £6.33m after costs concerning the sale of husinesses of £4,79m (£584,000 profits). Taking out the exceptional costs, left losses of £1.5m which the company said was a significant improvement.

The company blamed the losses on the high interest hurden. The charge for the period was down from £1.91m to £1.13m. Turnover was £2.43m (£2.44m) for continuing

activities with a further £11.8m (£20,4m) from discontinued. Losses per share were 17.7p (8.1p). For the future the company, where Mr Roger Shute, formerly of BM Group, is temporary chief executive, said that its offshoots were still finding trading difficult.

"Unless there is a remarkable turnaround in the property market in the next few months. group trading results for the remainder of the year are unlikely to show any material signs of

Associate helps Sirdar rise to £5.73m

have not yet seen any positive upturn in the markets where we operate." Mr Hollings said. HELPED BY a reduction in Mainland Europe, had had a interest costs and a larger condifficult time, he sald, while tribution from Its associate, Australia had been mixed, with Sirdar was able to achieve a reasonable volumes in tha rise in profits from £5.05m to £5.73m pre-tax for the year to

company's Queeneland branches, but a shortage of work in New South Wales. end-June. The shares responded with a Tight control of capital 13p rise to 129p. Pre-tax profits were under- (£5.9m) - and of cash, had than the directors had hoped mined by redundancy costs of helped reduce gearing to 18.8 for. They said the figures were

good" second half year at Eversure, the ready-mada curtain

Turnover slipped to £51.97m (£52.03m). The hand knitting activities ran up an operating loss of £93,000 (profit £720,000) while other textile products achieved a rise in profits of

The associate, Acropolis Hotels, chipped in £284,000 (£166,000) to profits while

Intl Food

been declared.

the second half.

heen received. However, because of the time taken to

complete these transactions,

profits on these would arise in

increased considerably and

ordars achieved and antici-

pated from a major trade show

in that country were likely to have a very positive effect in

British Mohair

£2.1m

down to £907,000

British Mohair Holdings reported pre-tax profits down from £1.02m to £907,000 in the

first half of 1993 and said it

expected the full year figure to

be similar to the previous

Mr Charles Fenton, chair-

man, said activity in the

group's textile companies

remained subdued in the

period, with a lower contribu-

tion from the hand-knitting

sector. Non-textile operations

showed a marginal improve-

At present, demand for tex-

tile products showed no appre-

ciable change, while the speci-

alised engineering activities

were expected to continue to

First-half turnover edged

ahead from £19.5m to £19.78m,

while earnings per share

trade satisfactorily.

Turnover in Australia had

group interest charges were reduced from £910,000 to £547.000.

Acropolis hopes to open a new hotel in 1995. The final dividend is being lifted to 3.7p (3.5p), raising the total from 5.15p to 5.35p. Earn-

ings worked through 18 per At the year end group gear-ing was down from 23 per cent last six weeks had exceeded to 9 per cent.

NEWS DIGEST

interim dividend has been maintained at 1.4p. **Machinery** Currency gains help Pict advance 63%

at £878,000 Pict Petroleum, the oll and gas SHARES IN International Food exploration and production group, saw net profit for the Machinery, which came to the market last December, jumped year to June 30 rise 63 per cent 9p to 80p yesterday after the to £4.82m on turnover of company reported a surge in 19.58m, compared with 1992 figpre-tax profits to £878,000 for the first half of 1993. This com-pared with £292,000 last time ures of profit of £2.96m on turnover of £10.8m. The results were helped by

which was after £125,000 losses currency gains of £1.57m (losses £482,000) because of the from discontinued activities. Turnover of this food prostronger dollar and higher net cessing and refrigeration interest received of £837,000 equipment concern grew to (2537,000) £4.84m (£3.39m) and earnings per share reached 5.98p (1.68p). The fall in turnover was

mainly attributable to the dis-An interim dividend of LAp has posal of the interest in the Claymore field. The average The company said that fol-lowing its attendance at an price rose to fill per barrel exhibition in Iran, a substan-Earnings per share were 9.34p. against 6.65p. tial number of orders were taken for which deposits had

Expansion of net assets at Pantheon

For the year ended Juna 30 1993 net asset value per share of Pantheon International Participations expanded to 195.5p. compared with 139.7p, assuming full conversion of war-rants. Undiluted the figure amounted to 211.1p against

Available revenue of thia investment trust was lower at £169,000 (£438,000) for earnings per share of L16p (3.01p). The dividend has been cut from 2.5p to 0.5p.

Sanderson, Murray profits up 67%

Sanderson, Murray and Elder (Holdings), motor distributor, clocked up a 67 per cent increase in pre-tax profit to £1.06m for the half-year to June 30, compared with 1833,000. Turnover rose 25 per cent to 254m, including 54.86m from acquisitions,

Earnings per ahare were 4.56p (2.87p) and the interim dividend is increased to 0.66p (0.60p).

The directors said sales of new cars rose by a fifth on the same period last year at 3,800, while used car sales rose by a quarter to 2,490. The service, slipped to 4.48p (5.22p). The repair and parts departments

contributed 61 per cent of total

gross profit. Turpover includes a small contribution from 2 months trading from a Ford dealership in Hull, acquired in April for about £2m. The figures do not reflect the acquisition of the Skipper Group of dealerships in July of this year.

Murray European net assets rise

Net asset value per share at Murray European Investment Trust improved to 51.6p as at June 30 1993. This compared with 46.3p six months earlier and 44.6p as at end-June 1992. Earnings per share rose from 0.15p to 0.6p for the six months' period on net available revenue of £179,000, compared with

£46,000. The directors etated that in line with capital growth

investment policy, there is no interim dividend. **Edmond incurs** £187,000 loss

Edmond Holdings, the house-building group, suffered a pre-tax loss of £187,000 for the first half of 1993, against £22,000 last

Turnover was £5.69m, down from £6.44m previously. Losses per share were 0.26p (0.03p) and the interim dividend is reduced to 0.15p against 0.35p last time. The group's gearing is down from 63 per cent at the end of 1992 to 55 per cent.

Spandex advances 10% to £2.45m

Shares of Spandex, the USM-quoted distributor and supplier of sign-making equipment and materials, rose 10p yesterday on news that profits had risen by 10 per cent to £2.45m pre-tax for the half year to end-June.

Turnover was marginally ahead at £28.99m (£28.33m). The "modest" growth in sales was achieved despite the depressed state of economies in the territories throughout Europe where the company

operates. Barnings per share improved to 13.7p (11.2p) and the interim dividend is being lifted from 1.9p to 2.1p.

John Lewis North American and Far East losses peg Logica

28 per cent increase on the pre-

vious £7.1m, but slightly below

market expectations. The

Revenues rose 9 per cent to £217.4m (£200.4m). The tax rate

was up slightly to 41.65 per

cent as a result of unrelieved

losses in the US, leaving earn-

an increase of 10 per cent.

Cash was etrong at £17m

(£13.7m), the result of continu-

ing tight management controls.

The company performed well

in the UK where operating

profits grew by 31 per cent to

£9.2m and gross margins

improved to 7.1 per cent (5.8

per cent). Continental Europe,

where the company lost £1.7m

last year, improved to profits

The company lost £2.6m in

North America through set

backs in the telecommunica-

shares fell 1p to 254p.

INTERIM profits at John Lewis LOSSES IN North America and Partnership, the employee-owned department store and the Far East contributed to a lacklustre full year perforsupermarket group, fell for the mance by Logica, the computfifth successive year, in spite ing services group.

Profits before tax for the of a better than expected performance from the Waitrose year to June 30 were £9.03m, a

Pre-tax profits for the six months to July 31 were £16.4m, down from £18.2m. Last year's figure was restated downwards from £20.2m, after John Lewis was advised by its actuaries in the sacoud half that it should to increase its pension contributions. ings per share 24 per cent ahead at 8.7p (7p). A final divi-dend of 2.75p will be paid giv-ing a total for the year of 4p.

interim

By Nell Buckley

profit falls

to £16.4m

That increased first-half pension costs from £5.7m for the first half of 1992 to £7.7m this

A further increase in pension costs this year to £8.7m accounted for much of the fall in trading profit, after pension costs, to £28.5m from £30.3m.

First-half taxable profits at the group have collapsed from more than \$50.8m in 1988, although the rate of decline slowed this year. The group, which has 22 department stores and 105 Waitrose supermarkets, has been hit hard by recession, and by increasing competition, especially in the grocery market.

Waitrose has been hampered by its refusal to trade on Sundays and its slowness in introducing new technology, and has been able to expand less rapidly than its competi-tors because of its inability to raise capital on the stock

market. Mr Stuart Hampson, chairman, said that any fall in the bottom line was unwelcome. However, the decline of only £0.2m in trading profits before pension costs showed how successful the group had been in containing costs and boosting

Group turnover increased from £1.09bn to £1.13bn. Sales increased 6 per cent to £532.5m in the department stores. Sales at Waitrose increased 1 per cent to £577.3m, in contrast to the fall that had been forecast, but profits were hit by one-off costs associated with improv-

ing the distribution network and introducing scanning in Sales in the wholesaling and

manufacturing division fell 11 per cent to £17.6m. Mr Hampson warned that

working capital. There is a clawback for existing shareholders on a 2-for-1 basis. The shares closed 4p

Moorfield has also entered into a new five-year loan agree-ment with the Hong Kong and Shanghai Banking Corporation in connection with the acquisition which will provide a further £10.9m. Of this, about

tions sector and decline in Logica's husiness with the large computer vendors. The result was a "major disappointment" said Mr Martin Read, the newly appointed chief executive: "We cannot go on as we have in the past three or four years. North America has got to be sorted out". In the Far East, the company lost £300,000 chiefly as a result

of overspending on a large fixed price project for the Hong

O COMMENT

Kong Stock Exchange.

Logica's results are not bad, but they are not good enough. The difficulties in the US and Asia cannot disguise the fact that a company with its strength in technology and its formidable customer list should be at least twice as profitable. Mr Read, formerly a high flyer with GEC Marconi, has been brought in to bring new aggression and focus to Logica'a market presence. He intends to find ways of make more productive use of the company's skills and experience, but it will take time to change the culture and boost profitability. On a historic ple of about 29, the shares seem fairly valued.

Moorfield £13m buy as losses fall

of £2.6m.

MOORFIELD Estates, the USM-quoted property trader and investor, yesterday unveiled a package comprising a £13m acquisition, a placing and open offer and additional banking facilities.

It also reported a cut in pre-

tax losses from £774,000 to £244,000 for the six months to end-June. The acquisition is a portfolio of 10 properties from British

Land for a cash consideration of £12.84m. The properties have been valued by Chesterton at

The placing and open offer of 21.62m new ordinary shares at 37p will raise about £8m before expenses. Some £3.9m will be used to finance part of the acquisition, a further £800,000 £2.9m will provide funds for further property purchases and

higher at 45p.

£9.1m will be used to fund the remainder of the acquisition.
The balance will be used to refinance certain existing short

term loans. At least £1m of the loan is to repaid by October 1995 from the proceeds of property sales. The portfolio being acquired has a current rental income of

£1.31m, giving a yield of 10.2 per cent on the purchase price. The new shares have been conditionally placed by Nat-West Wood Mackenzie, the company's brokers. An extraordinary meeting to seek shareholder approval of the acquisition and placing and open offer has been convened for October

The reduction in interim losses was mainly attributable to an increase in rental income to £881,000 (£774,000), a cut in (£945,000) and lower administration expenses of £224,000

(£365,000). Losses per ahare were cut to 2.23p (9.01p).

Subject to approval being received for the acquisition, placing and open offer a dividend totalling not less than ip will be paid for 1994 with 0.5p being paid as an interim in September of that year.

The last dividend payment was 0.1p for the 1991 year.

Redrow chairman says worst is over

By Gary Evans

IN LINE with its forecast at the time of its acquisition of Costain Homes, Redrow Group. the privately-owned housebuilder and construction concern, raised pre-tax profits by 30 per cent to £13.3m in the year ended June 30.

Turnover of the group, which paid £23m in July to acquire Costain's loss-making UK housebuilding operations, rose by 8 per cent to £130m. The result prompted Mr Steve Morgan, the chairman, to predict that the worst of the recession was over. He said that although ail

group companies experienced difficult trading conditions "we have hopefully seen the start of a sustained recovery in the housing market". Redrow claims to be the UK's largest

unquoted housebuilder.
During the year, Redrow's balance sheet strengthened by a further 17 per cent, reflecting a net worth of £53.7m, while net year end borrowings were reduced to £3.8m, giving a 7 per cent gearing. Following the Costain purchase however, group borrowings rose to £21m and gearing to 39 per cent. Mr Morgan said he expected

the housing division to make substantial progress during the current year. The acquisition of Costain Homes - now trading as Redrow Homes (South East) - took its number of regional housing operations to 7 and gave the division a significant presence throughout England and Wales.

With a land bank of about 6,300 plots, completions approaching 2000 units were anticipated in the current year.

Store opening costs hit Era as losses increase

By John Murrell

additional stores were partly responsible for a near doubling of losses at Era Group, the specialist retailer, to £2.59m pretax for the half year ended June 30.

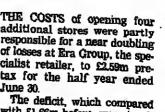
with £1.66m before, was struck from a turnover little changed at £29.2m (£29.35m). The company is best known for its Beatties model and toys chain. A sales deterioration in the

opening quarter following a lack of consumer confidence was compensated for by an improved sales performance in the second quarter.

slight erosion of gross margins despite savere competitive pressures on pricing and the impact of the increased sterling cost of imported products. Mr Anthony Fay, the chairman, said the recovery in sales in the second quarter had continued following improving

consumer confidence. He added that if this trend continued, "it should prove particularly advantageous particularly as trading is strongly biased towards November and December."

The extra stores were also expected to generate additional sales during the important Christmas trading period. The group suffered only a widened from 2.07p to 3.19p. Half year losses per share



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bolstered by an "exceptionally £423,000 (£165,000) and a per cent (22.8 per cent). T E R I MYear to 30th June 1993 HIGHLIGHTS OF UNAUDITED GROUP RESULTS 1992 1993 £1,561.6m £1,404.6m TURNOVER PROFIT BEFORE INTEREST £80.6m PROFIT BEFORE TAXATION £62.1m 12.1p EARNINGS PER SHARE DIVIDEND PER SHARE 6.6p

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is over

ig costs hit increase

ew sectors have more cause to celebrate this week's first anniversary of Black Wednesday than the property investment industry. Sterling's exit from the European exchange rate mechanism, which eventually led to a 4 percentage point reduc-tion in UK interest rates, paved the way for a strong recovery in invest-

ment demand Lower interest rates took the pressure off property companies' balance sheets, easing the need to sell property. The high yields offered by property and the falling cost of finance attracted overseas hovers and private investors into buyers and private investors into the UK market. Growing confidence

in the property recovery, together with its high yields, prompted institutions to return to the market. The scale of this recovery is underlined in a report just published by DTZ Debenham Thorpe, property consultants, which states that current potential demand is the highest for at least five years.
"The retreat in the flow of money into property over the past three years has reversed," it says.

The report draws parallels with previous periods of heavy buying such as the mid-1970s and the midlate 1980s. "The current hout of heavy buying fits the cyclical pattern of property investment over the past 20-25 years," says the report. Periods of heavy buying have tended to be sporadic occuring when values do not take sufficient account of the strength of expected demand, it adds

Different components of the market have been affected by the changed conditions in different

• The institutional sector bas experienced the biggest change in

THE PROPERTY MARKET

Scene set fair for a turnround

sentiment of any sector. Its gross investment potential over the next 12-18 months could exceed £7bn.

This represents a sea change in attitude. Last year, the combined institutional net purchases of just less than £1bn was half the 1991 total and one of the lowest recorded over the past 12 years. As a percentage of new investment, property has slipped from about 15 per cent at the start of the 1980s to 5 per cent at the start of this year - "a level that is barely acceptable for o mainstream asset class", according to

The abrupt change in outlook stems from increasing confidence in the market's recovery, together with a greater appreciation of the attractions of property's high, secure income as bond yields

DTZ Debenham Thorpe Research surveyed 50 fund managers, who control £35bn of property or 60 per cent of total institutional property holdings. DTZ found that investors were taking a "very positive" view of future performance, with nine out of 10 respondents saying that expectations of a recovery in values over the oext 1-2 years were an encouraging factor in their invest-ment decisions.

Property is viewed as a means of maintaining the performance of a portfolio, given pessimistic expectations of future dividend growth and an over-supplied gilts market.

The funds' total potential spending power could reach an annual peak of £7ho over the next 12 months and remain at about £6bn

Sentiment is buoyant, but concerns persist about the availability of suitable properties, says Vanessa Houlder

institutional property purchases: poised for pick-up

through to the middle of the present

decade.
The DTZ survey suggests that about half the funds intend to raise investmeet and maintain it at a high level for several years, 23 per cent propose a short-term increase in purchases at some point over the next three years, and 17 per cent are net sellers which intend to wind down their acquisitioo programme.
But there are caveats. With so

much money available for so few

suitable properties, values may rise to a point where they are no longer considered as offering good value. Moreover, property sales are expected to increase over the next two to

About 55 per cent of funds expect to raise the turnover of their portfo-lios this year, although only 10 per cent could he classified as heavy sellers. Another concern for some funds is the possibility of legislative change which could affect the secu-

rity of rental income. Enthusiasm for property is stronger among insurance companies than among pension funds, says the report. A quarter of pension funds doubt whether they will be positive investors over the next 12 months,

compared with only 10 per cent of insurance companiea. Pension funds' appetite for property is restricted by the squeeze on their cashflow and the run-down of funds for the large pension schemes.

playing an important role in the revival of the property investment market. Share prices of property companies have nearly doubled over the past year, providing excel-lent opportunities for companies to

tap the equity market.

Property companies have raised about £1.2ho in the six mooths to July through rights issues, largely to reduce debt and fund new acquisitions. Prospects for smaller com-panies are, however, more subdued, as most lack the financial muscle to

exploit the opportunities. The knowledge that large property companies are no longer forced sellers has increased confidence in the market. "Whereas concern about the scale of property com-pany disposals has depressed the market in recent years, the position is now almost reversed. The prospect that property companies are becoming net buyers is widely seen as a positive influence on capital values," says the report.

Overseas investors have reduced

their spending on UK property from £3bn at its peak in 1989-90, to an estimated £1%bn-£2hn for 1993. However, this level of investment may prove more enduring than the investment pattern of the late 1980s. which was characterised by many ope-off mega-deals. The fall in volume represents a

shift in the focus of overseas demand from the mega-deals and developments of the late 1980s to a broader and potentially more secure investment pattern."

The majority of deals over the

past 12-18 months have been struck by German investors, although Asian and Middle Eastern investors have increased their presence in the

past 12 months. Banks, unlike other sources of finance, are generally reluctant to increase funds earmarked for property. "For the forseeable future, possibly into the mid-1990s, most banks are likely to be too preoccupied sorting out their existing problems to enter into substantial new lending to the property sector," says the

Bank loans to UK property, which peaked at £41hn in May 1991, fell to £36ho in mid-1993. Property debt is about 11 per cent of the banking sector's commercial loan book, which despite being 1 percentage point lower than in 1992, remains one of the highest exposures on

The banks' reluctance to lend to property may prevent the recovery from spreading through to the entire market. But in some respects, the shortage of hank finance is likely to add to the stability of the market, since it will prevent a aurge in development from adding to the supply of new huildings.

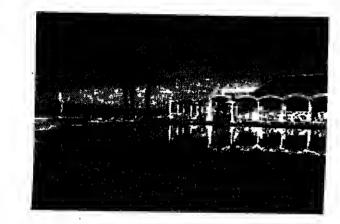
So long aa interest rates and bond yields remain relatively low, the scene is set fair for a continued surge in demand for property. The main coocern is that there are insufficient sellers of the right type of property at current prices. This could force yields down below the level that huyers are prepared to tolerate at this early stage in the

Although sentiment towards property has been transformed, it may take longer than inveatora expect to translate enthusiasm into

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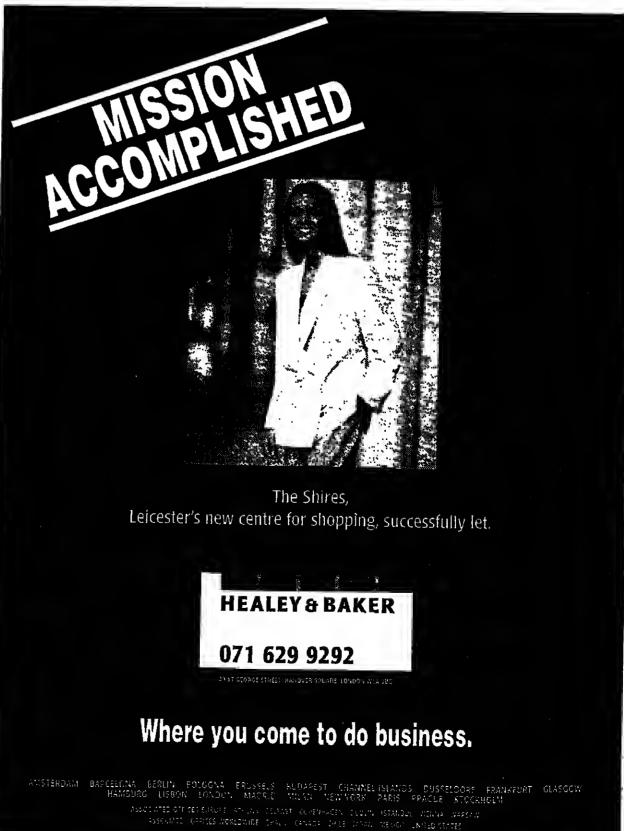
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Source: BMRC 1993



Cocoa price touches £900 as surge gathers momentum

By Deborah Hargreaves

COCOA PRICES soared yesterday as the market got to grips with a stream of forecasts predicting a shortfall in this year's crop. The December futures contract closed at a 3-year high of £899 a tonne, up

£37 a tonne on the day.

At one point the London Commodity Exchange closed the cocoa market for 15 minutes as the March and May futures contracts hit their limit of a \$40 a tonne rise - the first time this has happened for about 18 months.

December futures touched the key psychological barrier of £900 a tonne hut slipped at the close to £899 a tonne. "It's unbelievable, nothing seems to be stopping it," one trader said. The cocoa market has gathered momentum over the past

couple of weeks on a steady

stream of poor harvest projec-

tions and analysts' forecasts of a shortfall against demand for the third season in a row. Trading was hectic yesterday as speculators and industry

buyers piled in to the rapidly rising market. Some manufacturers have kept out of the cocoa market in recent weeks for fear they were witnessing a speculative rally that would soon fizzle out.

"It's not a rally any more but a bull move and some people are talking a couple of bundred pounds higher in the next two months," said one trader.

The problem with the cocoa crop is that prices have been depressed for so long that farmers have had little to invest in their crops. This has caused many trees to weaken, reducing their yields as well as leaving them open to attack hy

Last week E.D. &F. Man. the London trade house, forecast a deficit of 200,000 tonnes in the 1993-94 cocoa crop and a further shortfall of 150,000 tonnes the following year. Particular problems have hit the harvest in the Ivory Coast, which produces a third of the world's

Although there have been output shortfalls for the past

two seasons, cocoa prices, depressed by seven years of surplus, hit their lowest level since the mid-1970s last year. Now that the market move

has taken off, traders are not worried that plans to liquidate the International Cocca Organisation's buffer stock of cocoa will depress prices. Delegates are due to hold their final meeting this morning to agree a plan to sell cocoa over four and a half years at a rate of

51,000 tonnes a year.

• Coffee prices slipped as traders began profit-taking following a producers meeting on Wednesday on the export retention scheme that is to come into force on October 1. The November futures contract closed \$6 a tonne lower at \$1.290 a tonne after touching

\$1,280 a tonne at one point. There is some confusion in the market, but if you expect the producers' retention scheme to work, you will see higher prices in the next couple of months," said Mr Peter Kettle, analyst at

High-powered smelters find the going too hot

By Kenneth Gooding, Mining Correspondent

PECHINEY, Europe's biggest aliminium producer, is working with other producers to gather as much information as possible about unexpected technical problems affecting plant installed at the world's most recently-completed alu-

minium smelters, all using the

French group's leading-edge technologic Nearly Im tonnes of annual capacity using this AP30 technology came into operation in 1991 and 1993 at three very similar new smelters costing about \$1bn each and at an expanded operation at Alba in

Operators say that so-called "hot spots" have developed in some electrolytic reduction cells (called "pots" in the industry jargon) and have lead to failure of some pot walls after only 300 days, compared with the expected life of 2,000

Operators at the smelters involved say that at present the problem is not a major one and they are convinced that Pechiney will eventually find a solution

Mr Christian Bickert, Pechiney's vice-president-aluminium technology, confirmed that 60 pots at the group's own 250,000-tonnes-a-year smelter at Dunkirk, which started up in November, 1991, had been affected. But he said each one had been repaired and reactivated in 15 days. He said these were "start-up problems".

Other operators suggested, however, that, until Pechiney came up with a solution, the problem would recur in

found that 87 per cent of them

were worried about security -

in view of the fact that con-

The two other smelters

involved are both in Quebec, Canada, and have an annual capacity of 215,000 each: Lauralco, owned by Amax of the US, and Alouette, operated by VAW of Germany for a consortium which also includes Hoogovens of the Netherlands, Austria Metall and a Japanes joint venture between Kobe

Steel and Marubeni. The operators are now swapping information about the problems among themselves

and with Pechiney. In aluminium smelting the aim is to push as much electricity through the raw material as possible - the higher the amperage, the more metal can be produced. But this is a tricky business. The magnetic fields created by huge quantities of energy can play havoc and create very dangerous conditions in the smelter if not

Pechiney won many technical contracts because it was the first company to operate a pot line functioning at more than 280,000 amperes. At Dunkirk and the other recent smelters, the group brought into operation the first complete sets of pots running on a direct current of 300,000

This technology makes the smelters the most productive in the world, Pechiney claims. Dunkirk, for example, produces 400 tomes of aluminium a year for each one of the 550 members of the workforce.

The 300,000 amperes technology was a step up from the 280,000 amperes Pechiney was previously offering. About 80 per cent of the smelters built since 1985 use Pechiney's 280,000 amperes technology. An executive at one of the

280,000 amperes technology is absolutely perfect and we assumed that the new technology would be the same. Our expectations were too high but even so, Pechiney's image has been dented a little by all

Nevertheless, Alusaf of South Africa, the aluminium roducer in the Gencor group, although given the choice by Pechiney of 300,000 or 280,900 amperes technology, is still opting for the former for a new \$2bn. 466.000-tonnes smelter near its existing operations at Richards Bay. Mr Francois Prins, Gencor's senior manager, intelligence and strategy, said the opportunity to lift productivity from the present 80 tonnes per man a year to 400 tonnes was irresistible and in any case, Pechiney was giving certain guarantees with the

leals

Japanese jewellery demand boost forecast for platinum

MR BARRY Davison, managing director of South Africa's Rustenburg Platinum Mines, expects Japan's total platinum demand to reach between 63 and 64 tonnes this year, compared with 56.3 tonnes in 1992, reports Reuter

from Tokyo. He forecast that the country's platinum jewellery sales would rise from last year's 40 tonnes to between 42 and 43 tonnes, thanks to healthy sales of lower-priced platinum jewel-

Rustenburg, one of three platinum group metal producers within the Johannesburg Consolidated investment, is one of the world's biggest platinum producers.

"The growth in jewellery is expected to more than offset the reduction in the auto-catalyst sector," Mr Davison said. Platinum demand for exchaustcleaning catalytic converters for Japan's flagging motor industry was expected to fall by about 2.5 tonnes in 1993 from 9.5 tonnes last year, he

He added that the Japanese investment sector was likely to show resilience because of lower yen prices resulting from the national currency's strength against the US dollar this year. He declined to comment on expected price

Having moved up strongly in the New York market overnight, the platinum price opened sharply higher in London yesterday. It edged up further during the day to reach \$360.90 a troy ounce

The rise was encouraged by the continued recovery in the gold price, which closed at \$352.25 an ounce, up \$4.65 on the day. Gold's rise was attributed to investment fund buying and shortcovering following the recent sharp fall, which dealers said had

physical demand form south-east Asia. The dealers said that the platinum price had been overdne for a correction relative to the gold price as its premium over the yellow metal had narrowed sharply in the course of the recent general decline in precious metals markets. Immediately before gold retreated below the \$400-an-ounce mark on August 6 platinum's premium had stood at \$17.50, but that had shrunk to \$6.50

try statistics, Japan's total platinum imports for the first seven months of 1993 were 37.67 tonnes on a customscleared basis, against 35.54 tonnes in the same period last

US platinum consumption would also increase in 1993, mainly reflecting a recovery in car sales, Mr Davison forecast, wblle in Europe, demand would rise with the introduction of new regulations requiring all new cars to have catalytic converters, despite a drop in motor sales. He said be saw a slight increase in overall

Platinum supply will also get

Mr Davison thought it was unlikely. however, that prices would rise dramatically for the time being. "I don't see any major improvement in commodity prices in general, platinum group metals and nickel included, until there is clear evidence of a sustainable recovery in the world econ-

at the afternoon fixing, up \$7.15 from Tuesday.

left the market heavily oversold. They also noted that the rally was encouraged by the return of

earlier this week.

According to Finance Minis-

a boost from greater South he added.

African output, he said, "Overall. 1993 demand/supply of platinum will more or less be in

omy," he said.

"Once such a recovery is under way, which will proba-bly not occur for another 12 months, I do see the prospect of platinum group metal prices showing steady improvement,"

COCOA - LCE

tracts to supply dairy compa-nies and Milk Marque, the successor to the Milk Marketing Board, rum for only one year -

UK DAIRY farmers are more concerned about the security of their supply contracts with dairy companies when the industry enters a free market next April than they are about price, according to a survey published today in Farmers Weekly magazine.

By Deborah Hargreaves

The survey of 918 farmers

and 79 per cent were concerned about prices. Milk Marque has wooed

farmers by holding out the hope of higher prices for their

milk. And large dairy compa-nies such as Northern Foods and MD Foods have responded by suggesting that they will pay a premium over the Milk Marque price.

Contract security is main concern of UK dairy farmers

But farmers appear to be looking for arrangements with a longer life than the 12 months generally on offer, and they did not trust the dairy

companies to protect their interests.

The poll found that farmers could choose between 19 options for selling their milk among large and small dairies, local groups and Milk Marque. Among those who had already decided which organisation to link up with in the new free would stick with Milk Marque

Northern Milk Partnership, which has been set no by

Northern Foods. Farmers were almost equally split on whether they would agree to have their milk collected on alternate days as the Milk Marketing Board has suggested - 52 per cent said they would consider it and 47 per cent refused.

Volcano pushes Patagonian sheep over the brink

After years of struggle the eruption was the last straw for many, writes John Barham

are gradually disappearing. Sheep farming, the only agricultural activity the barren, windswept steppes can support, has become a ruin-ously loss-making business. Farmers burdened by rising debts and falling incomes are abandoning their properties in increasing numbers.

Patagonia's sheep sector began declining in the 1960s, but the downturn accelerated dramatically two years ago. The collapse in the international wool market - a glut has driven prices to the lowest point in living memory coincided lethally with spreading desertification, a radical shift in government economic policy and natural disaster.

On August 13, 1992, Mount Hudson, a volcano high in the Chilean Andes erupted, spewing vast quantities of ash over the southern half of Patagonia. The ash ruined the sheep's wool, making it worthless, and transformed areas of the province of Santa Cruz into wasteland. Sheep could not graze on the ash-covered land and slowly died. Mr Jimmy Patterson, a wool trader

and descendant of the Scottish farmers who first introduced sheep to Patagonia from the nearby Falkland Islands in 1885, says the ash made his parents close their 30,000-hectare family farm on the east coast of Santa Cruz. Last Santa Cruz went the same way. For allowing local producers to charge year. In Chubut, wool production has

S/Borre

THE SHEEP farms of Patagonia most of them, the eruption was the coup de grâce that followed years of mounting losses.

Closures are common eisewhere in Patagonia and Mr Juan Ventura, who owns three farms, says they will become more frequent. "You don't see the effects immediately. What is happening is that farmers are consuming their capital. They're not spending on maintenance. Eventually they go bank-

Many farmers are trying to hang on. Mr Raul Assef, who owns a 1500-hectare farm on the western edge of Patagonia, says "both my wife and I work in town and use our wages to cover the loss of running the farm. You never know what might happen in this country and the market might even recover

one day". Patagonia's isolated farms cover huge areas but can only support small flocks. making them expensive to run, in arid central Patagonia a sheep needs 5 ha to graze on and farms of 2,500 ha are com-

Few farmers can afford the inve ments needed to improve efficiency or switch over to more profitable cattle farming. Those who can are expanding their cattle herds, now that Patagonia has been declared free of foot-and-mouth disease. Beef "imports" year, 452 farms covering 8m hectares in from the infected north are banned,

premium prices.

Others are branching into flower or fruit production. in the watered, protected mountain valleys to the west, strawberries, boysenberries and raspberries grow well. The government is negotiating a joint World Bank and Inter-American Development Bank loan for an irrigation project in the east of

Even if wool prices do recover, Patagonia's farmers will not be able to raise output much. A century of over-grazing has devastated the central plateau, which covers about one third of Argentina's territory. Desertification is a serious problem.

The arid plains are framed by distant low-lying bills and dotted with occasional termite hills The stony soil is covered with kbaki-coloured shrubs and tufts of tough grass. Occasionally, small groups of sheep can be seen searching for foliage.

Mr Guillermo Defosse, economic development under-secretary in the the region's wool is considered to among "the finest in the world, little consideration was given to the vegetation and the soil which supported that

production". Production this year is forecast at 90,000 tonnes, 13 per cent less than last

HEATING OIL 42,000 US galls, conta/US galls

Latest Previous High/Low

52,10

51,80

52.80

51.40

52.35

fallen to 18,000 tonnes in 1992 from 26,833 tonnes a decade earlier.

Argentina's adoption four years ago of free market policies compounded these setbacks. The government abolished its hated agricultural export taxes and reduced other taxes. But its anti-inflation policies led to a strong revaluation of the currency, reducing export revenues and increasing costs.

These policies hit farmers throughout Argentina, but few are suffering as much as those in Patagonia. Federal and local governments are helping with cheap loans, subsidies, grants and tax breaks worth over US\$75m are available to support or convert farms to other

Policy is confused, however. A Chubut official said "one department wants small farms to merge to reduce stocking levels and another encourages them to survive by sharing equipment or through credit unions.". He also recognises that the government has done little to introduce modern farming and water-management methods that are

Although the disappearance of Patagonia's sheep farms is leading to the depopulation of a vast area of the country and creating serious social problong-term benefit of relieving pressure

Chicago

MARKET REPORT

COPPER prices fell sharply on the London Metal Exchange in after hours trading, pressured by a savage contraction in the cash premiums, dealers said. The cash to three months premium narrowed from \$60 to \$20 in about 30 minutes, as influential quarters, believed to be linked to the recent squeeze, lant metal (sold cash and was last traded at \$1,875 s. tonne. down from \$1,928 on Wednesday and more than \$2,000 just over a week ago. The three months price ended at \$1,850 a tonne, down \$31.50 and \$100 below the level reached at the height of the

London Markets

SPOT MARKIS		_
Crude oil (per bornel FOB)(N	lov)	+ 01 -
Dutosi	\$13.85-3.912	+0.04
Brent Blend (dated)	\$15.40-5.42	+0.07
Brunt Blend (Nov)	\$10.00-6.02	+0.04
W.T.I (1 pm est)	\$17.21-7.23z	+0.04
Oil products (NWE prompt delivery per t	onnà CIF	+ or -
Premium Gasoline	\$185-187	
Gas Off	\$166-166	
Heavy Fuel Oil	\$60-62	
Naphtha	\$146-148	
Petroleum Argus Estimates		
Other		+ 95 -
Gold (per troy oz)ě	\$352.25	+4.85
Silver (ber nov os)÷	409.5c	+8
Platinum (per troy oz)	\$380.90	+7.18
Palladium (per troy oz)	SI 19.75	+2.25
Copper (US Producer)	89.5c	-0.5
Lead (US Producer)	33.50c	
The (Kurda Lumpur merket)	11.23m	-0.02
Tin (New York)	208.50	-1
Zinc (US Primo Western)	65°0c	
Cattle (live weight)	119.46p	-7.64*
Sheep (tve weight)†é	79.81p	-1.55*
Pigs (ive weight)†	64.74p	-4.52°
London daily sugar (raw)	\$258.6	+6.6
London dally sugar (white)	\$251.3	-1.8
Tate and Lyle export price	€278.0	+5.5
Barkey (English feed)	Unq	
Maize (US No. 3 yellow)	£120u	
Wheat (US Dark Northern)	£165.0u	-1.5
Rubber (Oct)¶	58.250	-0.5
Rubber (Nov)®	58.50p	-0.5
Rubber (KIL RSS No 1 Jul)		-1.5
	\$420.0v	+2.5
Coconut of (Philippines)(9	\$420.0V \$367.5u	743
Patro OS (Malayalen)5	\$390.0	
Copra (Philippines)§		
Soyabeans (US)	2187.0	-1 +0.5
	55,50c	T-7-3
Cotton "A" index . Noottops (64s Super)		+8

squeeze. One possible reason for the sudden collapse in the tightness was talk that the major Far Eastern company believed to be supporting the market had concluded a large long-term physical pricing deal. Among the other LME contracts Tin'a inexorable slide continued, establishing fresh 20-yea lows, and nickel moved ominously close to the \$2-a-lb mark that some analysts have suggested will trigger substantial production cuts. The three months price closed \$80 down at \$4,437.50 a tonne.

equiv	alent to	\$2.01%	a lb.				
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	uhten	HOIII FA	euters		Close	Previo	
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Dec	070.00	000.00	CO 000 CO	Jen	1276	1280	
Mer	273,30	268.20 271.70	272,50 267.50	Mar	1254	1268	
May	278.00	274.90	274.00 270.70 274.00 273.50	May	1280	1263	
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CRUDE	OIL - IP		S/barrel				
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Dec Jen	16.2		16.35 16.25	Agr	85.9	82.9	
Feb.	16.4		16.60 16.48	Ξ.			
Mar	18.9		16.79 16.70 16.96 16.93	Титом	r 33 (83)	loss of 20	
PE Ind			10-00 10-00				
Turnove	r 11563 (4	7655)		PRINCE	IT - LCE		
					Close	Previou	
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	Close	Previous	Hgh/Low	Öct	1480	1500	
				Nov	1475	1495	
Oct	160.75	180.50	161.80 180.50	Jen	1486	1495	
Nov	162.50	162.00	162.75 161.75	BFI	1424	1424	
Dec	163.75	163.75	164.25 163.25	Turnove	r 283 (194	9	
len	165.25	165.00	165.25 164.50		•		
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Vier	164,25 162,50	183,75 162,00	162.50 161.75	ORANE	- LCE		
Apr		161.26	161.75 160.50	Indiana.	_		
Way Jun	161.50 159.75	159.75	160.00 159.50	Wheat	Ciose	Previou	
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				Ján	105.05	104.65	
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Plopin	s are 35-60 are 26-60	56palban palb. Fren	d Wordster peer- ich apples are also	Barley	Close	Previous	
in abo	indonea, W	en Golden i	Delicious at 30-40p	0-44	100 85	100 70	

in abundance, with Golden Delicious at 30-40p at it. English, Dutch and Belgien Conference posses are enrother good buy at 28-50p at it. The and Robert Welliams posses are 30-55p at it. This week's best vegetable buy is broccell. UK and Dutch inroccoll is terrific value at 38-50p at it.

Ckze Highelow 900 900 870 935 898 916 828 978 985 ICCO Indicator prices (SDF for Sep 15 890,13 8913.48)

COFFE	E - LCE		\$/ton
	Close	Previous	High/Low
Sep	1351	1368	1354 1345
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Jen .	1276	1280	1277 1266
Mar	1254	1268	1293 1265
May	1280	1263	1262 1267
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	Close	Previous	High/Low
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	Close	Previous	HolyLow
Car.	1454	1.090	1455 1480
	1454	1480	1455 1450
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108.95

107,90

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	Copper and lead
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1292 1290	(Priors supplied to
1277 1296	Gold (troy as) \$
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	Afternoon for 35 Day's high 36
onts per pound) for Sep (1) 15 day average 71.52	Day's low 34
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£/torne	3 त्रज्ञाचित्र
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	12 months 270
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HglVLow	
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1487 1471	New Sovereign B
1492 1474	
1465 1471	TRADED OPTION
	Aluminium (99.7%
	Strike price \$ torr
	1100
	1125
£/tonne	1150
	Copper (Grade A)
High/Low	1900
	1950
101,50 101,50	2000
103.25 102.90	
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ortey 50 (82).	Brent Crude
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	1860

WORLD COMMODITIES PRICES LONDON METAL EXCHANGE Prices supplied by Amalgameted Metal Trading Open Interes Keyts closes Akarinium, 99.7% purity (\$ per torine) fotal daily turnover 52,133 lots 1119-20 1910-11 1190,5-31 3 months 1139.5-40 1140/1130 1140-41 Copper, Grade A is per toring Total daily turnover 48,490 lots 1636-38 1680-61 1935-38 1879-80 1871-72 175,598 lots Lead (5 per torre) Total daily furnover 3,012 lots 379.5-80. 383.5-84 379-80 383-93.5 364/303 22,963 lots 391-91.5 g ber guard Total daily tumover 18,058lots 4460-70 47,820 lots Total daily turnover 2,564 lots torme) 4410-15 4490-05 4535-40 10.364 lots ecial High Grade & per torne Total daily lumover 12,680 lots 870.5-71.5 887-89 78,682 lots rsing E/S rate: .5328 3 months: 1,5225 6 months: 1,5143 and lead prices are now expressed in dollars per torne N BULLION MARKET **New York** vocied by N M Rothschild

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क क्य	3 pr	C3		viupe 3	dent	COL	D 100 May	oz.; \$/troy o			-
		30-352					Close	Previous	Highto		-
		30-340									_
on fix	350			226.313		Бер	352.6	347.5	0	0	
igh igh				230.405		Oct	363.8	347.9	353.5	350.5	
		0-363				Nov		348.7	0	0	
7W	348.	30-348	.00			Dec	354.7	349.5	356.0	352.0	
dit Ma	es Go	NE LA	NORTH F	Lates (4	& USS)	Feb	356.4	351,3	357.8 358.1	354.0	
h	_	70	6 ma		2.80	Jun	369.5	354.6	369.1	356.8	
hs		.84			2.61	Aug	361.3	356.1	358.3	358.3	
		.61	12 m	X HU III	2.61	Oct	363.0	357,8	0	0	
lx	D/RO		_	US ets	No. dv	PLAT	WILLIA 50 t	roy oz; \$/tro	y oz.		-
_	262			KOE.70			Close	Previous	High/Lo	w	-
15	265.8	15	- 4	108.75		Oct	380.3	357.1	363.5	359.0	-
15	259.4	5	•	111.95		-50	362.3	359.1	365.0	361.0	
d is	278.4	Ю	4	118.25		Apr	363.5	\$60.B	385.5	365.5	
						Jul	365.3	361.6	0	0	
COURT		_				SILVE	PR 5,000 to	oy oz; cents	TOUY OZ.		
	\$ 5	rice		2 equity	dex		Close	Previous	Highton	"	
md .	345	150-36	1.50	225.00	227.00	Sep	406.7	397.5	411.0	405.0	_
		85-36			2.20	Oct	407.8	398.7	0	0	
Wereign	1 22	50-85.		53.00-E	500	Nov	409.5	400.8	0	0	
	. —	~ ~	••			Dec	409.7	400.8	415.0	406.5	
		_				Jen	410.0	401.1	0	0	
D OPT	Otes					Mar	413.9	404,9	417.5	410.0	
		_				May	416.9	407.6	420.0	415.5	
na 26	474	•	Colis		Puts	Jul	419.7	410.5	420.0	418.0	
to 3	-	Oct	Jan	Oct	Jer1	Sep	472.5	413.2	0	0	
						Dec	427.0	417.6	450.0	425.D	
		25 11	55 40	7 18	17 26	HIGH	GRADE C	OPPER 25,0	00 lbs; ce	nts/fibs	_
		3	28	35	39		Close	Previous	High/Los	· -	_
Grade	Ą	-	ia s		Puts	Sep	80.35	81.95	82.40	80.30	_
	_	27			_	Oct	80.50	82.05	\$2.70	80.50	
			54	31	75	Nov	80,85	82.20	82.15	82.15	
		10	36	63	106	Dec	81,05	82.45	82.95	80.80	
		2	22	100	142	- Data	61.25	82.55	81.70	61.70	
						Feb	61.45	82.70	0	0	
			_	-		Mar	81,65	82.85	83.30	61.50	
CE		Nov	Jan	Nov	-jari	Apr	81.95	82.95	0	0	
	_	123	135	32	58	May	82.25	83.06	85.70	82,50	
		92	107	51		Jun	82.43	83,15	85.00	83.00	
					81						
		67	84	76	106	CRUD	E OIL (Lig	14) 42,000 U	S gate \$/b	era	
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Mar Dec

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54 52 21

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Oct Nov Dec Jen Mary Jun Jul

17,50 17,50 18,03 18,03 18,35 18,35 18,57 18,73

17.75 18.63 18.20 18.35 18.57 16.73

Jan	54.00	54.40	34.55	54.00	Nov	828/4	
Feb Mer	54.25 54.00	54.75 54.26	54.75	54.20 53.90	,⊅æn Mer	634/6 640/0	
Apr	53.16	53.45	53.30	53.15	May	643/0	
May	52,70	52.70	0	0	Jul	645/2	
Jun	52.05	52.30	52,00	52.00	Aug Sep	643/0	
Jui	92.55	52.55		0		MEAN OK	60
cocc		es,\$/tonnes			_	Close	
	Close	Previous	High/Lo	W	Sep	28.18	
Dec	1179	1158	1195	1170	Oct	23.10	
Mar May	1226	1207	1244	1219	Jan	23.31 23.36	
Jul	1272	1253	1261	1240 1260	Mar	23.38	
Sep	1292	1273	1290	1283	May	23.31	
Dec	1314	1300	0	0	Aug	23.27	
May	1361	1343	1334 1357	1334 1341	90Y/	BEAN ME	-
34	1372	1358	1368	1358		Close	-
COFFE	E C 37,	5000be; cen	119/IDE		Sep	197.6	-
	Close	Previous	High/Los		- Oct	195.4	
Sep	79.10	79.65	80.00	79.00	_ Dec Jan	195.3 195.9	
Dec	81.50	82.10	82,40	61.20	Mar	198,7	
Mar May	84.85	84.35 86.20	84.80	. 83.60	May	199.4 201,8	-
Jud	86.00	86.25	85.50	84.90 86.00	Aug	201.4	-
Sep	87.15	97.40	. 0	0	MAZZ	E 5,000 bu	गर्भ
Dec	90.45	91,25			- =	Close	7
20/24	_	*51* 112,0			Sep Dec	235/0 238/4	-
	Close	Previous	High/Low	<u>'</u>	Mar	246/2	2 2 2
Oct Mar	9.66 10.06	0.75	8.77	9.64	May	251/4 254/4	2
May	10.16	10.18	10.14	10.04	Sep	250/2	2
Jul .	10.23	10.27	10.28	10.23	Dec	245/4	2
Oet	10.28	10.30	10.34	10.28	WHEA	T 5,000 bu	mi
-	$\overline{}$	be; cents/i)S			Close	
	Close	Previous	Highlow		Sep	300/2 309/8	3
Oct Dec	57.00 58.75	58.66	57.00	56.50	Mar	314/2	3
Mar	60.35	80.00	58.60 60.40	58.05 59.56	Mary	310/4	3
May	80.85	60.60	60.85	60.30	Sep	306/0	3
Jul Oct	61,50	61.45	61.36	61.20	Dec	317/0	5
Dec	61.75 62.10	61.5\$ 61.73	0 82,10	0 61.69	LIVE	ATTLE 40	000
Mer	62.00	82.25	0	0		Close	P
DRANG	SOUL P	5,000 Vbs;	Cents/lbs		- Oct Dec	74.400	7
	Close	Provious	High/Low		Feb	74.776 76.850	7
Sec	123.00	118.40	123.00		_ Apr Jun	76.425	7
Nov	124.85	120.55	124.75	118.40 120.50	Aug	72.925 71.750	7
lan	126.75	123.10	127.00	123.20	Oct	72.600	7
May May	128.25 129.25	124.75 125.45	128.25	125.00	LIVE	OG3 40,00	10 It
lut	130.25	125.95	0 1 30.2 5	0 128.55		Close	P
Sep Vev	130.55	126,45	0	0	Oct	49,725	4
ien.	130.55	128.45 128.45	0	0	Dec Feb	48.326	4
			0	0	Apr	47.200 45.500	4
HICK					Jun Jul	49.850	45
RELIT	ERS (Bes	e:Soplembe	r 18 1931	= 100)	Aug	48.800 47.450	47
_	Sep 16	Sep 15	moth ago		Oct	43.850	45
_	1638.4	1634.4	1814.5	1560.6	PORK	BELLES 4	0,0
DOM:	SOMES E	ase: Dec. 3				Close	P
Soot	Sep 15 121.72	Sep 14	mnth ago		Feb Mag	50,300	45
Futures	125.63	121,74	123.45 · 125.36	119,47 115.82	May	49,675 50,500	48
					Jul	50.350	48
					Aug	49,950	4

200	ARCANO C	000 bu min;		
	Close	Previous		
Sep	640/4	640/0	High/Lo 645/0	
Nov	828/4	831/4	634/0	635/0 623/4
- PERT	634/6	836/4	639/2	629/4
May	640/0	642/0 645/0	644/4	635/4
Jul	645/2	647/4	646/0	638/2 841/0
Aug	643/0	645/0	645/4	640/0
Sep	820/0	628/0	630/4	626/0
YOS		60,000 lbs;	-entaNb	
	Close	Previous	High/Lo	w
Sap	28.18 23.10	22.98	23.35	22.88
Dec	23.31	22.99	23.36 23.47	22.87 23.01
Jan	23.36	23.22	23.50	23.08
Mar	23.38 23.31	23.28 23.28	23.52	23.18
Jul	23.27	23.24	23.35	23.15 23.12
Aug	23.00	23.05	23.15	22.85
90Y		AL 100 tone;	\$/ton	
	Close	Previous	High/Lox	
Sep	197.6 195.4	199.4	198.0	196.5
Dec	195.3	197.2 197.4	197.3 197.4	194,5
Jan	195.9	197,9	198.0	194.4 195.3
May	199,7 199,4	199,8	199.6	197.2
Jul	201,8	202.3	201.0 202.5	198.7 199.8
Aug	201.4	201,6	202.2	200.3
MAZ		min: cents/50	illo busteel	
	Close	Previous	High/Los	
Sep Dec	235/0 238/4	232/6 236/6	236/0	237/2
Mar	245/2	246/2	239/4 247/2	237/0 245/0
May	251/4 254/4	251/4	252/6	250/4
Sep	250/2	254/4 249/6	255/6 251/0	253/4 250/0
Dec	245/4	245/4	248/4	244/4
WHE	AT 5,000 bu	mir; cents/8	Ofb-bushel	
	Close	Previous	High/Low	
Sep Dec	300/2	295/6	302/2	298/0
Mar	309/6 314/2	309/0 315/0	312/4	307/6
May	310/4	309/2	316/4 312/4	31 1/6 308/6
Jul Sep	304/0 306/0	302/6 305/6	305/0	301/6
Dec	317/0	316/6	0	0
			<u> </u>	
DAF	CATTLE 40	COO TOE COUR	w/fbe	
	Close	Previous		
Oct	74.400	Previous 74.900	High/Low 74.800	
Oct Dec Feb	Close	74.900 75.050	74.800 75.025	74,950 74,625
Oct Dec Feb Apr	74.400 74.776 75.850 76.425	Previous 74.900	74.800 75.025 75.900	74,950 74,625 76,600
Oct Dec Feb Apr	74.400 74.776 75.850 76.425 72.825	74.900 75.050 75.925 76.925 76.600 73.025	74.800 75.025 75.900 76.600 72.975	74,350 74,625 76,600 76,275
Oct Doc Feb Apr Jun Aug	74.400 74.776 75.850 76.425	74.900 75.060 75.925 76.925 78.800 73.025 71.826	74.800 75.025 75.025 75.900 76.600 72.975 71.800	74.350 74.625 76.500 76.275 72.725 71.650
Oct Disc Feb Apr Jun Aug Oct	74.400 74.775 75.850 76.425 72.825 71.750 72.800	74.900 75.925 76.925 78.600 73.025 71.826 72.625	74.800 75.025 75.900 76.600 72.975 71.800 72.650	74,950 74,625 75,500 76,275 72,725
Oct Doc Feb Apr Jun Aug Oct	74.400 74.776 75.850 76.425 72.825 71.750 72.800	74.900 75.050 75.925 76.825 76.600 73.025 71.826 72.625	High/Low 74.800 75.025 75.900 75.600 72.975 71.800 72.650	74.950 74.625 75.500 76.275 72.725 71.650 72.525
Oct Droc Feb Apr Jun Aug Oct	74.400 74.776 76.850 76.425 72.825 71.750 72.800 10GS 40.00	Previous 74.900 75.050 75.925 76.825 76.600 73.025 71.826 72.625 0 lbc cente/lbc Previous	High/Low 74.800 75.025 75.900 76.900 72.975 71.800 72.650 8	74.550 74.625 76.600 76.275 72.725 71.650 72.525
Oct Peb Apr Jun Aug Oct LIVE a	74.400 74.776 76.850 76.425 72.825 71.750 72.800 10GS 40.00 Close 49.725 48.325	Previous 74.900 75.050 75.925 76.825 76.826 73.025 71.826 72.825 0 tbc centr/for Previous 48.875 47.775	High/Low 74,900 75,025 75,900 76,600 72,975 71,800 72,650 8 High/Low 49,860	74.350 74.825 76.600 76.275 72.725 71.650 72.526
Oct Pels Agr Jun Aug Oct LIVE à	74.400 74.776 76.850 76.425 72.825 71.750 72.800 Closs 49.725 48.326 47.200	Previous 74.900 75.950 75.925 78.600 73.925 71.826 72.625 0 its contrib Previous 48.875 47.775 46.675	High/Low 74.800 75.025 75.900 76.900 72.975 71.800 72.650 8 High/Low 48.800 47.425	74.350 74.825 76.600 76.275 72.725 71.650 72.525
Oct Doc Feb Apr Jun Aug Oct Dec Feb Apr Jun	74,400 74,776 74,776 76,825 72,825 71,750 72,800 1003 40,00 Closs 49,725 48,326 47,200 45,500	Previous 74.900 75.950 75.950 76.925 78.600 73.025 71.826 72.625 0 lb; cente/lb Previous 48.875 47.775 46.875	74.800 75.025 75.900 75.900 75.900 72.975 71.800 72.650 8 High/Low 48.850 47.425 45.500	74.350 74.825 76.500 76.275 72.725 71.650 72.525 48.725 47.500 46.700 46.050
Oct Dec Feb Apr Jun Aug Oct Dec Feb Apr Jun Jun	74,400 74,775 75,850 76,425 72,825 71,725 72,800 40,00 40,00 40,225 47,200 48,265 47,200 48,800	Previous 74.900 75.950 75.955 76.800 73.025 71.825 72.625 0 fix centrifit Previous 48.875 47.775 46.875 45.250	74.500 75.025 75.900 76.900 72.975 71.800 72.650 8 High/Low 48.650 48.500 47.425 48.650 48.650	74,350 74,825 76,500 78,275 72,725 71,650 72,525 48,725 47,500 48,700 48,700 48,700 48,450
Oct Doc Feb Apr Jun Aug Oct Dec Feb Apr Jun Aug	74.400 74.476 74.485 76.850 76.425 72.825 72.825 72.800 Close 49.725 48.326 47.480 48.800 48.800 447.480	Previous 74.900 75.950 75.950 76.925 76.600 73.025 71.826 72.625 0 lbx cente/lb Previous 46.875 47.775 46.875 48.726 48.726 48.726 48.7300	High/Low 74,900 75,025 75,000 72,975 71,800 72,975 71,800 72,650 High/Low 48,500 47,425 45,600 45,750	74.950 74.625 76.500 76.275 72.725 71.650 72.525 48.725 47.500 48.080 49.450 48.450
Oct Disc Feb Apr Jul Aug Oct LIVE #	74.400 74.74 76.850 76.825 76.825 71.750 72.800 Close 49.725 48.325 47.200 48.890 48.890 48.800 47.4550	Previous 74.900 75.950 75.955 76.800 73.025 71.826 72.625 0 lbc cente/lb Previous 48.875 45.260 48.700 47.300 47.300	High/Low 74,900 75,025 75,000 72,975 71,800 72,975 71,800 72,650 8,850 48,850 47,425 45,500 47,425 47,425 47,425 47,425	74,350 74,825 76,500 78,275 72,725 71,650 72,525 48,725 47,500 48,700 48,700 48,700 48,450
Oct Dec Feb Apr Jun Oct Dec Feb Apr Jun Aug Oct Dec Feb Apr Jun Aug Oct	74.400 74.7407 74.75650 76.425 76.425 71.750 72.800 Close 49.725 48.226 47.420 48.800 48.800 49.850 49.850	Previous 74.900 75.950 75.950 76.925 76.600 73.025 71.826 72.625 00 lbx cente/lb Previous 48.875 47.775 46.875 48.726 48.726 48.726 48.7200 48.800 0,000 lbs; cer	High/Low 74,900 75,025 75,000 72,975 71,800 72,975 71,800 72,650 8,850 48,850 47,425 45,500 47,425 47,425 47,425 47,425	74,350 74,825 76,5273 76,273 72,725 71,850 72,525 48,725 47,500 48,700 48,450 48,450 0
Oct Doc Feb Apr Jun Aug Cot LIVE :	74.400 74.470 74.470 74.765 76.850 76.425 72.860 71.750 72.800 Close 49.725 48.226 47.426 48.800 48.800 49.850 49.850 49.850	Previous 74.900 75.950 75.950 76.925 76.600 73.025 71.826 72.625 0 lb; cente/lb Previous 48.875 47.775 48.250 48.726 48.726 48.726 48.7200 47.300 43.800 0,000 lbs; cer	High/Low 74,900 75,025 75,000 72,975 71,800 72,975 71,800 72,650 8,850 48,850 47,425 45,500 47,425 47,425 47,425 47,425	74,350 74,825 76,5273 76,273 72,725 71,850 72,525 48,725 47,500 48,700 48,450 48,450 0
Oct Doc Feb Aug Oct LIVE 1 Cot Aug Oct Mary Jun Aug Cot Mary Mary Mary Mary Mary Mary Mary Mary	Close 74.400 74.776 75.650 76.655 76.625 72.800 72.600 Close 49.725 48.265 47.200 48.800 48.800 48.800 48.800 48.800 58E11958 4	Previous 74.900 75.950 75.950 76.925 76.600 73.925 71.826 72.625 0 lbs centerio Previous 48.875 47.773 48.673 48.700 43.800 0,000 lbs; cer	High/Low 74,900 75,025 75,900 72,975 71,800 72,975 71,800 72,650 48,850 48,850 48,850 48,850 48,850 48,750 47,450 48,750 47,450 48,850 48,750 47,450 48,850 48,750 47,450 48,850 48,750 47,450 48,850	74,950 74,825 76,500 76,275 72,725 71,650 72,525 48,725 47,500 48,700 48,700 48,450 0
Oct Doc Apr Jun Aug Oct LIVE : Cot Doc Apr Jun Aug Aug Aug Porsk Mary Mary	Close 74.400 74.470 74.470 74.75 75.850 76.425 71.750 72.800 Close 49.725 48.260 49.725 48.800 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850 49.850	Previous 74.900 75.950 76.925 78.600 73.025 71.826 72.625 0 lbt centr/lb Previous 48.875 47.775 48.725 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726 48.726	High/Low 74,900 75,920 75,920 75,900 75,900 72,975 71,800 72,650 48,850 48,850 47,450 47,450 48,750 47,450 48,750 47,450 48,850 48,850 48,850 48,850 48,850 48,850 48,850	74,950 74,625 76,6275 76,275 72,725 71,690 72,525 48,750 46,700 46,700 46,700 48,450 0 48,450 0 48,650
Oct Poc Feb Apr Jun Oct Live 1 Cont Live 1	Close 74.400 74.470 74.470 74.475 75.650 76.425 72.825 72.820 72.800 Close 49.725 48.260 49.725 48.800 47.480 48.800 47.480 48.800 68.800 47.480 48.800 47.480 48.800 47.480 48.800 48.800 47.480 48.800 47.480 48.800 48.800	Previous 74.900 75.950 75.950 76.925 76.600 73.925 71.826 72.625 0 lbs centerio Previous 48.875 47.773 48.673 48.700 43.800 0,000 lbs; cer	High/Low 74,900 75,025 75,900 72,975 71,800 72,975 71,800 72,650 48,850 48,850 48,850 48,850 48,850 48,750 47,450 48,750 47,450 48,850 48,750 47,450 48,850 48,750 47,450 48,850 48,750 47,450 48,850	74,850 74,625 76,527 76,273 72,725 71,650 72,525 48,750 48,750 48,450 0 48,450 0 48,650

INTERNATIONAL MERGERS & ACQUISITIONS

Friday September 17 1993

Hostile takeovers are out, joint ventures, alliances and negotiated deals are in, Tracy Corrigan writes. There has been a persistent trickle of deals so far this year - and there are new opportunities in the emerging markets of Asia and eastern Europe

New-style deals appear

OOMING stock markets and low interest rates spell better times for the international mergers and acquisitions business. Although no one expects activity to return to the frenetic pace seen in the 1980s, soone recovery in the volume of traditional M&A deals is becoming apparent.

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While the lucrative fees earned by hostile takeovers are not expected to return, there are new types of business for banks, more suited to the business cycle of the 1990s. There has been "a shift from very transaction-oriented business in the 1980s, back to a relationship-orientation," saya Mr Stephen Waters, head of investment banking in Europe and co-head of Morgan Stanley

There will also be "less expansion into new business areas, more building-up of core business," says Mr Richard Sapp, a managing director of M&A at Goldman Sachs.

The increase in international competition, as barriers between markets have fallen, has focused business leaders' attention, ft has become more difficult for companies to compete on an international scale. forcing them to be more alert to opportunities to plug geographical holes.

Large companies expanding overseas are looking for acqui-

OOMING stock markets sitions which fit strategically with their main business and provide economies of scale which help cope with the strains of operating intercationally They are keen to look at options other than acquisition, such as joint ventures.

But those companies which are starting to look round for strategic acquisitions remain very cautious about paying over the odds.

this make sense strategically. Companies want first to pay less premium, and second to bind economic interests together," says Mr Piers von Simson, a director of Warburg. Sentimeot continues to turn

were done in the 1970s and 1980s.

process of unbundling in order to refocus on core business is well under way, but there is likely to be a substantial growth in activity in continen-

years.

"The main question is: does lishing interests, Other similar deals are expected to follow.

against the cooglomerate, as companies take the view that in order to remain competitive they need to focus on their core husiness. Some companies are still de-gearing, after building up deht too rapidly in the 1980s; this may involve divestitures, or "unbundling", "There has been a lot of restructuring In Europe," says Mr Stephen Brishy, head of corporate finance at UBS, which consists in part of "undoing things that

In the US and the UK, the

tal Europe in the next few

The most important demerger of the year was ICI's flotatioo of its pharmaceuticals division to form a new company, Zeneca. The move was followed by Pearsoo, which is demerging its Royal Doulton china company in order to concentrate on its media and pub-

"Companies with disparate husinesses are asking themselves whether they are worth more together or apart," says Mr von Simson. "In Europe, there are a lot of conglomerate holding companies, which trade at a discount, like investment trusts."

He thinks that UK and US companies have been forced to re-evaluate their structure at an earlier stage because they went into a cyclical downturn earlier - and generally have more vocal shareholders. But, as the ownership of shares in European companies

becomes increasingly international, the focus on share price performance and dividend growth is also set to increase. Many prominent contineotal European companies are still run as conglomerates - for example, Daimler-Benz, which runs not only a car and aerospace husiness but also a washing machine manufacturer.

The growing competitiveness brought about by the breakdown in barriers between markets in capital-intensive industries has also fuelled activity as leading companies seek to consolidate their positions.

"In publishing and pharmaceuticals, for example, every opportunity has been crawled over by the leading companies in the sector," says Mr von

Pressures for consolidation are also set to increase in the banking and insurance sectors across Europe. Mr Waters at Morgan Stanley says that there has been a blurring of the lines between some industries, such as insurance and banking, and media and technology. For example, there have been deals between telecommunications and computer hardware and software companies.

Privatised utilities in the UK are proving themselves keen to expand overseas. For example the water companies are moving into pollution control and the electricity generators are buying overseas electricity

The consolidation of the airline iodustry also still has some way to go: the most important deal currently in the making is the joint venture of four European airlines, SAS, KLM, Swissair, and Austrian Airlines

But the European single market has not proved as great a catalyst as predicted, although a oumber of sectors, such as insurance, have seeo pan-European consolidation.

The European super-company has not materialised, but links such as Recault and Volvo and Reed and Elsevier may point the way. However, some bankers think that joint veotures are inherently unstable and will either lead to full scale integration - as in the case of Renault and Volvo - or collapse. In continental Europe there

are many smaller familyowoed companies under pressure to expand their business in order to compete, but with no access to the necessary capital, increasing numbers of such companies are likely to go public, or to be sold off to larger groups, bankers believe - although the process has

already lagged behind their expectations.

Throughout Europe, a wava of privatisations is about to break - with an estimated price tag of more than \$100bn over the oext four or five years, according to Morgan Stanley Research. Although most governments claim to be ideologically motivated, a crucial factor is that the receipts from privatisation will help

plug the worsening budget def-

iclts faced by most European countries. There is not a country in Europe which is not contemplating some form of privatisation of its telecommunications industry," says Mr voo Simson. The capital requirements are enormous, How will the Bundespost be able to finance the modernisation of former East Germany's telecommuni-

cations system, at a cost of

DM60hn? Analysts are also predicting more airline, railway and toll road privatisations. As the process of privatisation becomes more sophisticated - for example, governments can choose between selling off companies, or stakes in companies, publicly or to other companies the role of investment bankers has increased.

Bankers are also giving

☐ Better news for Wall St.

IN THIS SURVEY

US bankers believe that the M&A business is steadily expanding.....Page i ☐ Dealing In distress: some Japanese corpora tiona regard M&A as a survival net......Page II ☐ Merchant bank profiles: JP Morgan; and J Henry Schroder Wagg Page iii ☐ Single Market: activity is falling short of gung-ho predictionsPage IV ☐ Adviaers adapt: buyers want more strategic thinking and 'due diligence' Page \ ☐ Finance: conditions rarely

☐ Privatisations: bonanza for the bankers...... Page VII Illustration by Joe Cummings kets. Eastern Europe bas

increasing attention to the

emerging markets, which are

expected to be a source of

growing activity. Some Latin

American deals have already

taken place, most notably the

acquisition by Cemex. Mexico's

cement company, of Spain's

two largest cemeot companies.

in the Far East are the subject

of the greatest eothusiasm

among bankers, particularly China, where the combination

of the shift towards capitalism

and the potentially enormous

market for distributioo are

market of the future but entry

is through green-field (or

start-up) operations because

with very few exceptions there

is nothing to buy, or if there is,

it is impossible to buy it," says

Mr von Simson.

fuelling interest.

nity.

But the developing markets

so favourable Pege VI

proved the most difficult nut for M&A advisers to crack. Relative to expectations, the level of activity remains low, and bankers are rather pessimistic about any immediate improvemeot in prospects. Acquisitions are not always

the most attractive way to move into Eastero Europe, according to Mr Klaus Diederichs at JP Morgan. "In the food iodustry, for instance, what you are paying for to an acquisition is brand distribution and product - none of these do you get in Eastern Europe."

After a difficult start to the

"Europe offers the opportunity to buy into a mature mardecade, therefore, the mergers and acquisitions business ket, and values are now more attractive, says Mr Sapp at appears to be finding a new sense of direction, more in tune with fundamental eco-Goldman. "But the far east is the great expansion opportunomic trends. The growth of However, most markets business in the emerging marremain highly restrictiva in kets, and through large privatiterms of foreign ownership, or sation programmes, has prohave few sizeable companies. vided the M&A business with a "The far east may be the useful fillip.

The buzzwords of the 1980s -the LBOs (leverage huy-outs) and the HLTs (highly-leveraged transactions) - have given way to new catch phrases, such as rationalisation, relationship-banking and But of all the emerging mar- core business.

Companies that value strategic advice based on global industry knowledge, pan-European reach based on longstanding presence, and transaction experience in local markets can rely on one firm.

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Strategic advice in the **United Kingdom**

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Directiture of McDonnell Douglas Information Systems International (MDISI) to McDonnell Information Systems Limited, a newly formed company by MDISI management

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Divestiture of Fisons' UK consumer health business to Roche Holding Ltd.

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INTERNATIONAL MERGERS & ACQUISITIONS II

T may not compare with the frenzy of the late 1980s, but the mergers and acquisitions business in the US is flourishing this year.

As of August 23, almost 4,000 mergers, acquisitions and purchases of minority stakes worth a total of \$137.8bn had been completed in the US; a big improvement on last year. So big, in fact, that the total for the first eight months of 1993 has already surpassed the \$137.5bn (5,500 deals) racked up tn all of 1992.

This is good news for Wall Street's M&A bankers. For two and a half years they hava watched their counterparts in booming securities underwriting, sales and trading busi-nesses grab all the glory. Yet even if the hectic pace in M&A is maintained for the rest of the year, 1993 will still fall short of 1988, when almost 4,000 deals worth \$348.6bn were completed - the peak of the

1980s merger mania.

To the delight of the investment banking community, there have been some very large transactions among this year's crop of US deals. They include the \$12.6bn acquisition of McCaw Cellular Communications by American Telephone & Telegraph; the \$6bn acquisition of Medco Containment Services by the drugs giant Merck; the \$4.3bn purchase of s 20 per cent stake in MCI Communications by UK telecoms group BT: and the \$1.4bn stock-swap merger between Home Shopping Network and its rival the QVC channel. After four years of decline (see table), It looks as if the M&A business has turned

There are several reasons for the turnaround. By the end of the 1980s, companies were overburdened with debt, moch of it raised at expensive rates

The World Financial Centre in New York, close to the Battery and Wall Street: it looks as if the M&A business has turned the The New York scene is flourishing again, writes Patrick Harverson

Bank financing is back

during the M&A boom. Since then, aided by the lowest interest rates in more than three decades and a recession that forced companies to take drastic action, US corporations have been cleaning up their balance sheets - paying off costly debt with cheaper funds raised through equity issues or sales of low-interest debt.

With much of the debt restructuring out of the way, companies are in a better position to consider making deals again. As Mr Jack Levy, cohead of M&A at Merrill Lynch in New York, puts it:

"Companias feel their balance sheets are in order, and more importantly, they feel that the current level of cash flows are robust. Hence, they believe if they were to assume new leverage, they've got a level of confidence in the underlying cash flow necessary

to support an acquisition." Similarly, the economic and business background has improved enough to spur corporations into action. At the start of this year there was a lot of pent-up demand for deals from companies which had lain low during the recession and

seen have been in the works the faltering recovery. for some time." Once it was clear that the

The strength of domestic economic recovery was estabstock markets (at record highs throughout the summer) has lished, interest rates were staying low, and business confidenca was beginning to also helped. High stock prices rebound, companies revived means acquiring companies plans previously kept on the have been able to use their own equity as financing. This has a down side - high stock back burner. Also, changes within compaprices also mean that companies, such as the introduction

nies are more costly to acquire, The overall pool of financing capital, not just equity, has been growing. In particular, bank financing is back. Banks, M&A banker says: "A lot of these strategic deals we've coming off two of the most profitable years in their history, have put many of their troubles behind them, and are beginning to lend again.

Investors and shareholders have played their part in providing liquidity for the M&A recovery. Institutional investors hungry for decent returns on assets have been putting the money into deals and the once-shunned buyout funds. Shareholders have been forcing management to divest nonessential operations and focus attention and capital on core businesses. The result has been a growing number of

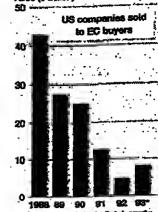
mergers and de-mergers.

The rally in the high-yield market has also made it easier for companies to raise funds for deal-based expansion, and helped breathe new life into leveraged buyouts - which at one point looked as if they had been killed off as a form of deal-financing by the collapse of Drexel Burnham Lambert and the junk bond market in the late 1980s.

Specialist buyout firms have also returned, adding another source of liquidity. When British Petroleum recently sold its animal feed business, 30 financial firms joined in the bidding: the eventual winner was an investor group led by the Houston buyout firm the Sterling Group, which paid a hefty \$425m for the BP unit.

Despite the delight at the revival of M&A business, no one compares today to the 1980s. Much has changed, not least the nature of the deals. The big theme this year has been companies making deals for solid, strategic and industry-specific reasons. Growth. market share, efficiency, and a need to be prepared for regulatory and structural changes have been the driving forces behind many deals.

Many industries, for example, are undergoing or face radCross border sales



US M&A 209,478.1

348,616.8

311,188.6

179,898.7 139,016.8

137,477.7

3970 5539

ical change. This is most notaand healthcare businesses, where many of the biggest

deals have occurred.
In tha telecoms industry, AT&T's acquisition of McCaw, US West's purchase of a 25 per cent stake in Time Warner's cable and film business for \$2.5bp, and BT'a purchase of a big stake in MCI, were all about companies readying themselves for technological and structural change. It has been a similar story in

tha healthcare industry. Columbia Hospital Corporation's \$4.2bn acquisition of Galen Health Care, and Merck's purchase of Medco. were two deals concluded against the background of an impending revolution in the form of President Clinton's healthcare reform package.

The chief feature of this vear's crop of M&A deals has been the absence of hostile takeover. This is partly a reflection of changing attitudes among corporate managers. and partly because the aggressive takeover advisers of the 1980s, like Wasserstein Perella and Kohlberg Kravis Roberts

are lying low. The big question now is: how long can it last? A few factors ara conspiring to keep the M&A business in check.

Chief among these is competition from the bnoyant public market. Companies that might normally put themselves up for sale have been persuaded by the booming market in stock offerings to go public rather

than resort to the private deal.

The fragile state of the recovery is also acting as a restraint Deal-makers and corporate managers are reluctant to move until they are completely sure that the economy has entered a phase of long-term solid growth.

Yet, in spite of these reservations, bankers believe that the M&A business hit bottom last year and is now embarking upon a course of steady expan sion. Mr Levy of Merrill Lynch

"My view is that we are at a new level, and that it is likely to be a sustainable level. Business has been somewhat spasmodic for the last couple of years, and my sense is that today more companies want to talk, and are taking seriously the idea of doing something on the buy side or sell side. That's the best barometer we have. Our backlog is np dramatically in terms of the number of deals

Emiko Terazono investigates the restructuring of corporate Japan

Ailing companies need help

■ n the late 1990s, mergers and acquisitions for Japanese companies meant overseas expansion through the purchase of an international network, buying a US movie studio, or diversifying into new

But some corporations, facing the fourth year of falling profits and under pressure to restructure operations now regard merger and acquisitions as a means of surviving the current economic slump. As a result the opportunity

now is the restructuring of corporate Japan.

companies are taken over by larger domestic companies are now the mainstream of M&A in Japan. Japanese companies'

purchases of other Japanese corporations rose by 18.5 per cent in value last year. Ailing companies, hit by falling profits and higher capital costs particularly smaller manufacturers and service businesses are in need of assistance.

Earlier this year Nippon

Steel, the country's largest steel company, indicated interest in buying a majority stake in NMB Semiconductor, a struggling electronics company. NMB was a subsidiary of Minebea, the world's leading maker of miniature bearings. Minebea entered the semiconof a diversification programme. However, the losses at Minebea made it impossible for the company to support NMB, which

in 1984 as nar

M&A activity in Japan - (Ybn) 1990 1991 1992 1993 Foreigners having Jananese como 48 Japanese buying foreign comps Japanese buying Japanese comps 2.583 710 227 254 269 106 101 176

was hit by the sharp downturn of the world electronics indus-

A more recent rescue was that of Cosmo Securities, a sec-ond tier broker, by Daiwa Bank. Cosmo posted an extraordinary loss of Y69.8bn (or sbuffling of one client's account to another to avoid realisation of investment losses). Daiwa injected more

Total for the first six estudies

than Y70bn through share purchases of Cosmo; it become its major shareholder, with more than a 50 per cent stake.

of rigorous cost containment

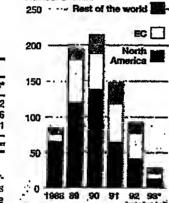
programmes and efficiency drives, are complete, leaving

management ready to build

through acquisitions. As one

The government says that Dalwa's acquisition of Cosmo is an exception. Although banks have been allowed partial entrance into the securities industry since last April, the government has yet to allow commercial banks to hold stock broker affiliates. The

Japanese cross-border acquisitions



ministry of finance also waived a rule which forbids banks to bold more than 5 per cent of a

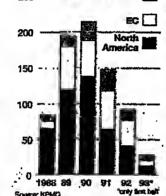
munity is now placing bets on the next brokerage bailout, because the rescue of Cosmo comes at a time when smaller brokers, which depend on retail commissions for revenue. are in dire need of financial help, as trading volume of the stock market has plunged. Aside from the tobashi losses, Cosmo itself posted a pre-tax loss of Y150m for the first four months to July, as a result of the sluggish stock market.

Although the trend seems to

According to a survey by chemicals, six in computers.

the resale of foreign companies acquired during the late 1980s.

Number of deals



However, the financial com-

be offering a chance for overseas companies looking to buy Japanese companies at cheap prices, the number of acquisibeen limited. An official at Nomura Wasserstein Perella, the M&A subsidiary of Nomura Securities, says that although there are opportunities, there have been no large acquisitions, bot small joint ventures, for strategic reasons.

KPMG Peet Marwick, purchasers last year included Ciba-Geigy, Atochem, and Philips. Eight out of 43 deals were in pharmaceuticals, seven in industrial machinery and

As for Japanese companies' acquisitions abroad, deals by value fell by 64 per cent last year. A market is emerging for



In Tokyo's Ginza financial district, the financial community is now placing bets on the next brokerage ballout

Japanese companies are still licking their wounds from rash investments made during the late 1980s when the Tokyo stock market was rising and capital was raised through equity linkad funding at almost zero cost.

Fujisawa Pharmaceutical, which bought Lyphomed, a US drug maker, in 1990, has seen its consolidated profit plunge due to losses at the US subsidiary. Although the parent company is faring well as a result of its innovative drugs, the US operations are a large burden to the rest of the group.

The problems for Japanese acquisitions of overseas companies have not only been capital related, but also culturally oriented. The difference in management style has compounded the difficulties of relations between the new management

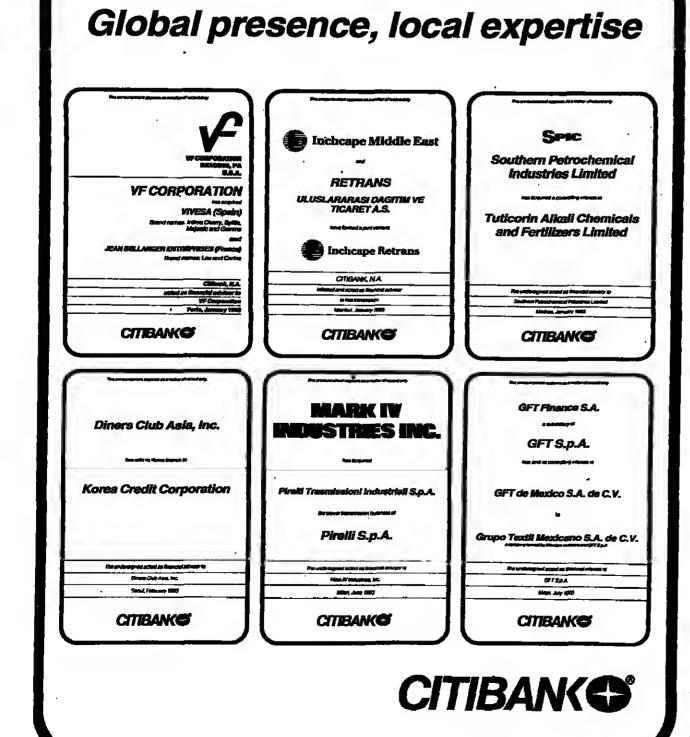
tyre company which acquired Firestone, the US tyre manufacturer, five years ago, is seeing the US operations become profitable at last. Apart from outdated plant automation, the company's "kid glove" approach also hampered the arrival of benefits from the acquisition.

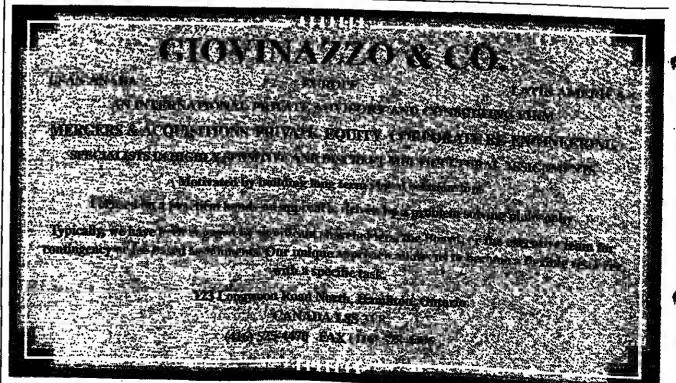
Absence of appetite for foreign acquisitions by Japanese companies has also prompted Treuhand, the agency responsible for the sale of former East German companies, to close its operations in Tokyo. However, Nomura Wasserstein Perella says that once the economy recovers, Japanese companies will once again look overseas. There won't be the mega deals you saw in the late 1980s. bnt Japanese companies will still need to go overseas to survive," says an official. The high yen is also prompting Jap-

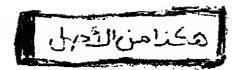
duction outside Japan. Meanwhile, opportunities lie in industries in a consolidation phase, such as pharmaceuticals, chemicals, computer software, car parts, and foods.

Dealing with smaller companies may not be as straightforward as dealing with the more sophisticated, larger, Japanese companies. Last month Mikuni and Nippon Carbureter, two carburettor companies, suddenly announced the cancellation of their planned merger.

Car parts makers are being hit by sharp production cuts in the car industry, and the leading carmakers' shift of production to overseas plants. However, at the last minute Nippon Carbureter decided to cancel the merger as a result of opposition by some over-zealous







INTERNATIONAL MERGERS & ACQUISITIONS III

Profile: J P Morgan

Fast mover across Europe

N THE past few years, while many other banks have cut back their mergers and acquisitions teams, JP Morgan, the blue-chip US bank, has taken a contrary

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"We have increased the resources dedicated to the business, and maybe faster than some of our peers," said Mr Rod Peacock. co-head of JP Morgan's European advi-

sory group.
The cross-border European M&A business has relatively few hig players. SG Warburg and Goldman Sachs are still considered the leaders of the pack, but JP Morgan is one of a small number of other participants that can claim to be genuinely pan-European: the bank bas long-established bases in all the important European financial centres.

But while it is considered a market-leader in the securities business, JP Morgan is still not one of the first names to spring to mind in the context of European M&A activity. The team has been built up

from 10 to 60 professionals in

the past four years - still a

drop in the ocean of 4,500

The bank is positively viewed by its largely blue-chip clients

JP Morgan staff in Europe. The European M&A team is based in London and staffed by pan-European industry specialists, with teams in all the main European centres.

The aim is to "combine a global or pan-European industry view with local market exe-

cution," says Mr Peacock.
While claiming not to focus on league tables, the bank has nevertheless risen from nowhere to rank fifth in tha 1992 list of financial advisers on cross-border European deals compiled by Acquisitions Monthly, tha M&A trade maga-

Although JP Morgan has been involved in the M&A market for many years, the bank was not a big hitter during the boom days of the 1980s. "Our intent is to be a strate-

gic adviser to our clients," says Mr Walter Gubert, now head of corporate finance in Europe, who headed up the thrust in recent years. "This is as true today as it was 10 years ago. JP Morgan's value-driven philosophy has not changed, but the evolution of the market and of shareholder attitudes has shifted the emphasis from the bostile deal to the complex industrially-driven transaction," be explained.

It is certainly true that JP Morgan has benefited from the greater emphasis on advi-sory work, and the virtual disappearance of the hostile takeover. "I get professional, client-centred advice, and that is what I want," says one company chairman.

Current conditions - the

ing, the need for industrial restructurings, the increase in international industrial compe-tition, the focus on core businesses - favour that approach. "It is a positive cycle for us,"

Mr Klaus Diederichs, co-head of European advisory, says the acquisition, in 1991, by Marzotto of Italy of the majority stake in Hugo Boss, the German fashion manufacturer, from a Japanese group, is typical of the multi-dimensional nature of the advisory business in the 1990s, it required the close co-ordination of the bank's network in Asia and across Europe

"It was JP Morgan's relationship with tha buyer and Its knowledge of the needs of the players in the industry which enabled the bank to move faster than its competitors to secure the deal for its client,"

says Mr Diederichs. In an unusual step, Mr Gubert was appointed to the board of Hugo Boss, following the acquisition, to help the transi-tion to naw ownership. "This is an illustration of the client-focused nature of JP Morgan's advisory activity," says Mr Diederichs.

As an example of the firm's culture of putting the client



Kigus Diederichs, Walter Gubert and Roderick Peacock: "If a client is not happy that will affect your bonus"

first, Mr Gubert tells the story of going to see Sir Dennis Weatherstone, the hank's chairman, about a potential deal, and being cut short with a single question: "If you were the client, would you do the

The idea of such team-spirit in a bank culture, where staff are traditionally ruled by the annual bonus, is rather hard to credit. Mr Gubert insists that it is possible. "We do pay bonuses on performance, but the most important measure of performance is the client's sat-isfaction. If a client is not

happy that will affect your bonus," he says. Among its peers, JP Morgan commands respect, but not

"JP Morgan starts with a very good client base and a long-term orientation, both of which are needed in this business," says one M&A specialist. "They are good at the bread and butter stuff, but there are some gaps in their capabili-

ties." For example, he adds, JP

Morgan's historic exclusion

from the equity business in the US meant that its equity distri-

bution lagged other houses.

fessionals in the market would not choose to work at JP Morgan. The more aggressive approach of other banks - and the larger pay packets - prove more attractive to many high-Although JP Morgan sees its

Another M&A specialist says

that the most successful pro-

lack of involvement in the area of hostila bids as a strength, some of its competitors say that its lack of experience in this area means the bank has a less thorough feel for the market as a whole.

However, it is positively

viewed by its largely blue-chip clients, many of which deal with the bank across a number of different areas.

"We have an ongoing relationship with JP Morgan, based on fact that they are more similar in character to us than other banks," says Reto Domeniconi, executive vice-president of Nestlé. The world's largest foods group was advised by JP Morgan in its recent acquisition of Italgel, the Italian ice-cream manufacturer sold as part of Italy's privatisation programme by state holding company IRL "One has to tread carefully in Italy. We were at ease that they were well established in Italy, and that is why every thing went well," he adds.

Sir Christopher Hogg, chairman of Reuters, which was advised on its recent share buy-back by JP Morgan, says: "They have given me distin-guished advice on at least four or five occasions." As chairman of the bank's UK advisory council, he is not now an unbiased witness, as he admits. However, he first came across JP Morgan in the late 1970s. when it proved "steady and unflappable" during the

restructuring of Courtaulds.
Another client describes the bank as "solid, but not overly aggressive". Such a description, applied in the 1980s, would have perhaps been considered a slight. In 1993, it is intended as a compliment.

Tracy Corrigan

Profile: J Henry Schroder Wagg

When the going gets tough . . .

. IN 1983 J Henry Schroder Wagg, the UK investment bank, was taught a horrible

One of its oldest and most valued clients, Thomas Tilling. faced a bid from BTR, the conglomerate: Not content with Schroders' advice, it turned to its rival, SG Warburg, with the parting explanation: "When you are fighting for your life you need the best". Mr Win Bischoff, who was appointed chief executive at Schroders in the same year, says Tilling's defection "really burt". But he also helieves it was responsible for a renais-sance at the bank - by teaching it that it could no longer afford to be complacent. "We were too relaxed, too reactive.

and too remote," he says. The more aggressive approach paid off in the last 10 years the group's capitalisation has increased from £100m to more than £1.5bn.

Mr Bischoff decided early on in the 1980s that the bank would not try to do everything. "We like to think of ourselves as a relatively small flexible company." Corporate finance operations are still at

At the time of Big Bang, most of Schroders' competitors chose the opposite route, which proved a mistake. An exception was SG Warbnrg. But it needed the capital to finance its new business in

Schroders conserved its capi-tal, and its family control, by staying out. Since it became a publicly listed company in 1961, the bank has never raised capital.

Because the bank makes a significant amount of money advising clients on tapping shareholders for cash, Mr Bischoff is the last person to criticise other banks for going down that path. But be believes Schroders is stronger for having conserved its capi-tal and share structure – Mr Bruno Schroder's family owns almost baif the bank, effec-

tively giving them control. Mr Bischoff says this has imposed important disciplines on the bank: "We have to focus on less capital intensive

One of his earlier decisions as chief executive was to sell its American bank. It made no sense for a London-based merchant banking group to be in commercial banking in New York, and Schroders switched from commercial to investment banking there, by taking a 50 per cent stake in Wert-heim Schroder. In the long term, Schroders is likely to take full control.

Mr Bischoff says that joint ventures do not usually last forever. "In management terms there are advantages to be able to integrate our busi-

nesses in the United States." In the UK, Mr Bischoff is content with the present structure. Analysts estimate that Schroder Investment Management, whosa managed funds total more than £35bn, could account for np to two-thirds of Schroders' stock market valuation. If floated off it could further increase the share price.

But Mr Bischoff firmly resists such suggestions. "We do not need the capital - and furthermore, bow could we better invest it?"

Schroder Ventures now accounts for 10 per cent of the bank's profits. Schroders recently reported after-tax profits of £64m, 23 per cent more than the previous year, excluding an extraordinary item. Mr Bischoff adds a cantionary note. The larger venture capital businesses become, the more often they may have problems in looking for an exit via a flotation. "It has not been an easy time for the capital venture business". Having got this far, most

banking analysts wonder whether Schroders can continue to grow. The view at SC Warburg is that Schroders become a serious threat outside the UK. As a rival puts It: "A merchant banker is only as good as his last conversation with a hroker."

Mr Bischoff happily concedes that Schroders' distribution does not come close to that of Warburg's. But then he is happy to rent its stockbro-kers. "Did you know we have more clients that use Warburg Securities than SG Warburg?"

But, some banking analysts say, that is fine when things are going well. When corpowrong, as in tha aborted flotation of GPA Group, the aircraft leasing company, an investment bank needs a broker to tell it what is going on.

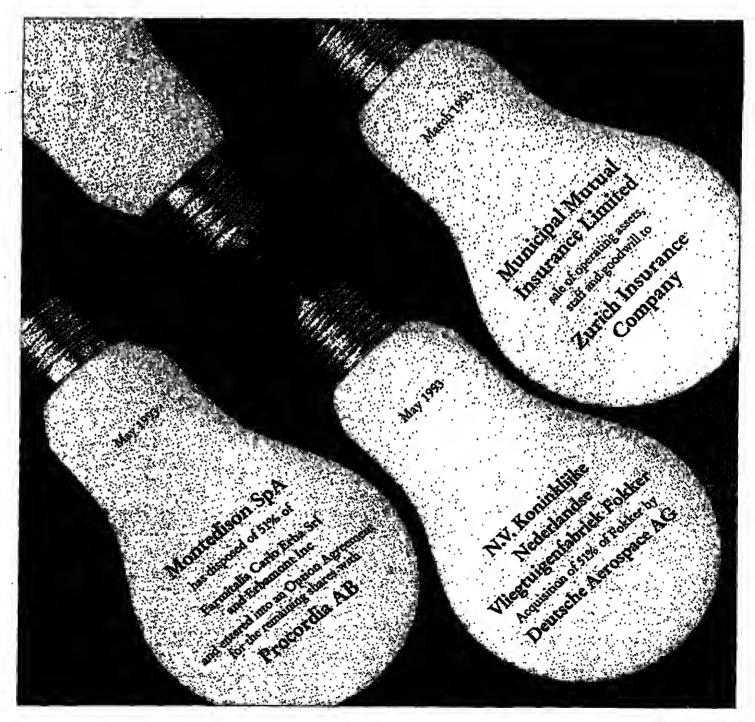
In Schroders' defence, Mr Bischoff says it was only the UK adviser. Nomura International was the global manager which (ha belleves) did and does lack international distribution. Furthermore, he says all the advisers, including the brokers to the GPA failed flotation, Barclays de Zoete

"No other bank would have got different soundings from the market" says Mr Bischoff. Warburg, however, thrned down the opportunity of advising GPA on a flotation, which Schroders could not resist.

The GPA association did not appear to harm Schroders' reputation. Its continued associa-tion with the company, by helping with its restructuring, indicates how far it has come since it was also by Thomas Tilling.

Roland Rudd

Some recent European M&A highlights.



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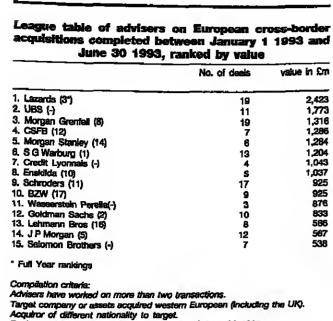
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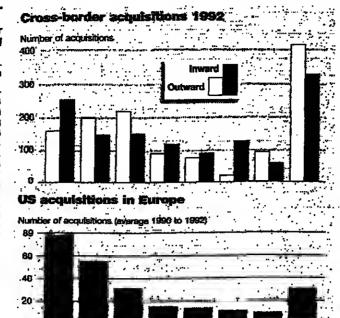
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INTERNATIONAL MERGERS & ACQUISITIONS IV



Deal completed between January 1 1983 and June 30 1993



Brian Bollen reports less, not more activity in the EC single market

Euro-predictions go awry

RECESSION is taking the brunt of the blame for the slowdown in European crossborder mergers and acquisi-

When the aingle market came into being at the start of this year, many merchant and investment bankers confidently predicted that there would be a renewed wave of activity as companies faced up to the market's competitive

The evidence of the first few months shows that this has not happeoed.

Indeed, current wisdom is that much M&A activity executed under the banner of the single market was driven by other more traditional factors:

WITH takeover activity in the

UK at a 25-year low, merchant

bankers have been scrambling around for new ways to make

the consolidation of mature industries, the search for global competitiveness or a quick increase in market

Many bankers reason that activity will recover when Europe's recessions end and that volume will be increased by privatisation, the deregulation of industry sectors, and by restructurings and non-core disposals in the need to increase solvency.

Euro-sceptics argue, however, that substantial acquisitions are taking longer to digest than first thought. Today there is a more realistic

attitude towards the single market. One prediction that has been borne out is the change in the nature of international corporate activity. Hostile takeovers are out, and a more co-operative approach, characterised by mergers, alliances and joint ventures, is in.

Underlining the effect of recession is the shift in the halance of power, from seller to buyer. On non-core disposals. you can kiss the old-fashioned auction approach goodbye, says Mr François von Hurter, co-head of European M&A at the Credit Suisse First Boston group. Life in the new world requires more flexibility and imagination on the part of bankers.

The recession contributed to a 40 per cent fall in the volume

of cross-border M&A activity worldwide in the first half of 1993, according to the Deal Watch survey carried out by KPMG, the international

accounting firm. The survey recorded preliminary figures for cross-border acquisitions of \$25.2bn in the first six months, compared with \$42.2bn in the same period in 1992. French buying activity fell most, from \$8.7bn to \$428m. Although French companies have been the most enthusiastic buyers of companies in other EC countries (French purchases from 1988 to first half 1993 have totalled \$35.7bn), the French recession dictates a cautious approach to investment. Survival rather

than expansion is the priority. Italian purchases also fell sharply. Investigations into political and business corruption are cited as the significant factors - while companies and senior executives are under suspicion of bribery, it is difficult for them to focus on largescale foreign expansion.

The value of cross-border sales of EC companies nosedived again in the first half of this year, to \$12.3bn, after recovering to \$42bn in the full year 1992, from \$23.1bn in the full year 1991.

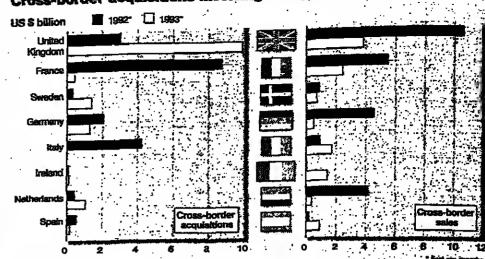
Japanese purchases of EC companies have declined rapidly since the peak year of 1990, when there were 50 deals, worth almost \$3.4bn. In the first half of 1993, KPMG logged just seven Japanese purchases worth a total of \$34m. The most popular target sectors for Japanese companies buying into the EC in 1988-93 were hotels and catering, electrical and electronics, chemicals and pharmaceuticals, real estate

and wholesale distribution. US buying over the same period shows a different pattern, with purchases peaking a year earlier, when there were 221 purchases worth \$12.1bn. That figure slumped in 1990. bnt has been recovering

steadily ever since. In the first half of 1993, KPMG recorded 88 US buys. worth a total of nearly \$4.4bn. The main target sectors have been vehicle manufacturing, food, drink and tobacco, electrical and electronics, chemicals and pharmaceuticals and oil and gas. The UK has been everyone's favourite target EC

Bankers like to remind one, however, that the European single market is a marathon, not a sprint; its requirements will feature as an important consideration in the long term, if only because the EC is a long way behind the US in industry consolidation. Large-scale con-solidation is widely predicted.

Cross-border acquisitions Involving European companies



for example, in banking and financial services, whether through alliances, cross-shareholdings or acquisition.

in five to 10 years there will probably be fewer independent banks and insurance companies in the UK, says Mr John Studzinski, managing director responsible for Morgan Stanley International's financial advisory business in Europe.

The Bank of England agrees that the expected benefits of the single market programme have yet to be fully realised in banking and financial services. In its most recent quarterly report the Bank says it is per haps more apparent that early expectations were themselves rather unrealistic, especially on timing and the extent of the transformation that could be achieved within EC financial

Institutions are continuing to make acquisitions and establish co-operation agreements. says the Bank. A number of factors could yet lead to a resurgence of activity. In the end, the single market programme may yet have a profound impact on the financial services sector within the EC.

In food and drink, Philip Morris of the US has carefully built up its European core business since the acquisition of Jacobs Suchard in 1990, notes J P Morgan. It followed up with the acquisition of Norway's Freia Marabon last year and Terry's of the UK this year

 important moves to fill gaps in its product portfollo and geographic coverage. Many medium-sized food companies will continue to he acquired and consolidated into the majors, says Mr Studzinski.

Retailing is tipped as a possihle candidate for consolidation, too, although there is uncertainty about whether retailing can work well on a grand scale, and whether retailing concepts can be exported anccessfully. Judgment is reserved on the French forays of Kingfisher and Tesco. Kingfisher's purchase of Darty, an electrical retailer, and Tesco's purchase of Cattean remain an intriguing exception rather than a new rule.

The pharmaceuticals and personal healthcare sector has already seen large-scale international consolidation, Recent significant announcements

were the joint ventures between the UK's Glazo and Wellcome and Warner-Lambert of the US; but analysts say there are still too many medi um-aized players. Heavy research and development bills will make it difficult for

smaller companies to survive. There are likely to be further consolidating moves in the European pharmaceuticals sector, says Mr Stephen Brisby, head of UBS's European corporate finance arm, which advised Italy's Montedison on the sale.

In deregulated growth industries, such as telecommunications, Bell Canada's purchase of a 20 per cent stake in Mercury Communications, a subsidiary of Cable & Wireless, is used to demonstrate the need for larger international players to buy in Europe to build market share.

The discussions between KLM, SAS, Austrian Airlines and Swissair are an example of much-needed industry consolidation, which has nothing to do with the single market, says Mr Rod Peacock, joint head of European M&A at J P Morgan.

John Thornhill finds that UK takeover activity is at a 25 year low

British bankers scramble to unbundle

The last dribbles of the UK privatisation programme, a smattering of international joint ventures and the recent wave of rights issues have kept many of them occupied. But advising companies about the latest fashion for unbundling and restructuring a husiness is perhaps providing

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their most lucrative pastime. Arguably, the trend began with BAT Industries in 1990; it decided to unbundle itself rather than face the predations of Sir James Goldsmith. Merchant bankers were well

rewarded for hiving off the Argos retailing chain and the Wiggins Teape Appleton paper husiness into separately listed companies. Since then they have been merrily trying to spot other companies which

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Company in the sale of its

incorporated acted as exclusive,

could benefit from more "focus". Courtaulds performed the same trick with its textiles business - and Racal did it with Vodafone.

In the past year, there have been several other examples of

UK companies restructuring themselves with the aim of concentrating on discrete industries and releasing additional sharebolder value; ■ ICI, the chemicals giant, has

demerged its pharmaceuticals business, creating a separately listed FT-SE 100 company. Zeneca, capitalised at more

ICI argued that the deal was driven primarily by industrial enable both its chemicals and pharmaceuticals companies to develop more aggressively in their chosen markets.

Charter Consolidated has simplified its shareholding structure, and effectively bonght its independence, by selling its 38 per cent in Johnson Matthey for £342m and buying out its own 36 per cent shareholder, Minorco, for £236m. The company claimed this would enable it to focus on expanding its core industrial concerns.

■ Richemont is untangling its international web of corporate assets, to create two separate-ly-quoted tobacco and luxury goods husinesses, Rothmans International and Vendôme. As well as releasing cash for both Richemont and other shareholders, the move should create more clearly delineated businesses with simpler shareholding structures.

This unbundling trend has resulted from a variety of pressures, other than the threat of takeover.

First, fund managers appear increasingly attracted to com-panies which "stick to their knitting". Blg institutional investors have grown increasingly sophisticated at spreading risk and diversifying their own portfolios.

The traditional rationale for agglomeration – namely to smooth out cyclicality of earn-ings – is therefore dropping down the list of investors'

Managers, too, appear to have learned from the excesses of the 1980s, when some companies went wild exploiting paper money and lax account-ing standards to grow shaky businesses by means of acquisition. Management gurus now preach the steadier virtues of organic growth and "core com-

petences".
Companies now seem more inclined to conclude agreed deals in related industries than make bostile approaches in unrelated sectors. This lessens the associated financial and managerial risks. Buyers are likely to have far more familiarity with the target company, and can undertake extensive due diligence. As Ken Costa, director of

mercbant hankers SG Warhurg, puts lt: "In the 1980s you flirted with all the girls in the street and married someone from across town. This time, you flirt but marry the girl next door. You know all the family history and all the rows, hecause you are next-door neighbours."

The other important element in the equation, though, is the low inflation which prevails in much of the developed world. High inflation corrupted the value of cash, encouraging

managers to splash out on

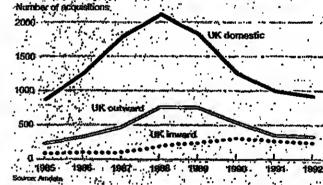
assets as a bedge.

"The idea was that you could not hold cash, because inflation would erode its value. Instead, you invested in a huge capital base which would nelp you out by ating in value," says Mr Costa. "But there is now no embarrassment in giving back money to abareholders." Reuters has perhaps established a precedent in returning £350m of surplus cash to shareholders by means of its share buy-

back scheme. These changing corporate trends have important consequences for merchant bankers. They suggest that opportunistic hostile takeover bids, which formed their staple diet in the 1980s, will be infre-

This may make life tricky for the small merchant banking bontiques, which are heavily reliant on the success fees derived from traditional M&A work. Companies seem

Acquisition activity involving UK companies Number of acquisitions



likely to continue shedding to spot the opportunities. peripheral businesses as they on their main areas of skill and knowledge. When expanding, they seem more likely to huy unwanted divisions of other companies than to launch hids for quoted

The recent experience of the predatory MB-Caradon is perhaps illustrative of the trend. After scouring the stock market for any value in the quoted building materials sector, the cash-rich predator has homed in on an parcel of buildingproducts assets owned by RTZ, which is slimming down to its core mining interests. Merchant banks need intimate contacts and a fair degree of lateral thinking to initiate and benefit from such deals. Those banks with strong analytical

teams are perhaps best placed

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But the more austere climate of the 1990s will not necessarily put merchant bankers out of fashion. Asset reshuffles and corporate restructurings can prove just as profitable for merchant banks as takeover deals.

This is especially true if such deals span different countries' regulatory and tax regimes. The restructuring of Richemont's tobacco and luxury goods husiness vides a case in point. The reshuffle created two companies with twin listings on the London and Amsterdam, and London and Luxembourg.

stock exchanges. "What you lose in bostility. you make up for in complexity," Mr Costa says. "It just puts a premium on ingenuity and innovation."



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Howard Smith Limited Howard Smith Limited

(Australia)



Barclays de Zoete Wedd acted as financial adviser to BCE Telecom International Inc. in the acquisition for £480,000,000 of a 20% interest in Mercury Construinications Limited and . the associated sale of a 20% Interest in BCETI Cable Limited to Cable and Wireless plc.

January 1993



INTERNATIONAL MERGERS & ACQUISITIONS V

■ INANCIAL advisers have had to respond to the much changed levels and patterns of international M&A activity to avoid going the way of the

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Broadly, investment bankers say their work has not diminished in volume, but that it has changed in nature since the late 1990s. There is less financial thinking behind transactions and more strategic thinking; buyers want more thorough "due diligence" investigations and they seek to consider the long-term implications of deals more carefully.

Clients are also seeking more integrated
- and global - advice in the context of an M&A transaction; such as advice on financing, derivatives and balance sheet struc-tures. The transaction range has broadened and there has been a shift away from transaction-centred relations.

The renaissance of relationship banking is one of the phenomena of the 1990s, says Mr Francois von Hurter, co-head of Euro-pean M&A at the Credit Suisse First Boston group.

An added complication is the ability of

the big, very experienced companies to handle much of their own M&A activity. A common complaint by advisers is: "The

The main houses have evolved differently over the past 10 years, whether by integration, internationalisation or industry specialisation, and they have seen newcomers try to carve out a living in their traditional market. As UK public company takeover activity has become less impor-tant, the US and Europe have become, in strategic terms, more so.

Privatisation is another growing issue. Baring Brothers, for example, decided to develop internationally some years ago. It says that now more than 50 per cent of its business is cross-border work.

The bank's current workload helps to illustrate the changed marketplace. After advising Northern Telecom of Canada in 1990 on its purchase of STC, then a fully listed UK company, today it is advising NorTel on the sale of STC's submarine cable business to Alcatel of France.

The legwork involved in establishing

Those with international ambitions need global facilities as well as multi-product capabilities

contacts with a wider European client base could help explain why the top banks say that, despite the recession, they have not had to shed corporate finance staff. Those who do own up to reducing the numbers directly employed on financial advice say they have been able to redeploy staff. Green shoots are growing and staff are at least fully employed, if not actually in short supply.

"We have kept busy throughout the slowdown," says Mr Tony Freeman, a senior strategic adviser at Merrill Lynch in London. "We have been less affected than, say, UK merchant banks, who are tied to a particular market. We're now growing the business, recruiting and developing young people within the organ-



City view; Legwork in establishing contacts with a wider European client base could help applain why the top bents say that they have not had to shed corporate finance staff

Brian Bollen notes that financial advisers must adapt - or go the way of the dinosaurs

Smaller of the species under threat

Those with international ambitions need global facilities as well as multi-product capabilities. "If you have a substantial increase in cross-border transactions, you need an adviser with local expertise in different markets," says Mr Klaus Diedrichs, JP Morgan's co-head of European

J P Morgan, highly regarded by its rivals for the way it has translated existing corporate relationships into financial advisory mandates, says it has doubled the numbers employed in its European M&A operations over the past three years.

Others - admittedly smaller and less successful - say that there are at least 25 per cent too many people across the City in banks, legal and accounting firms, and that something has to give.

Meanwhile, the recent departure of cofounder Mr Joseph Perella from Wasserstein Perella in New York is seen in some quarters as further proof that the days may be numbered for the niche firms the so-called boutiques which mushroomed at the height of the M&A market in the late 1980s.

While J O Hambro Magan in the UK, and Wolfensohn and Glescher & Co in the US, are acknowledged successes, few bankers see a long-term role for the smaller of the



Tom Wilson: "PW Corporate Finance has now been in business long enough to be a fair wey up the corporate credibility curve"

species, unless it is based on sector specialisation and relationship.

There is an argument, however, that if the niche firms did not exist, they would have to be invented in order to service smaller industrialists who have growth ambitions but are pervous in a formal City atmosphere.

Continental Europeans, too, often feel



smaller and different, those who set out their stall to do pure M&A could have a thin time

happier turning for advice to individuals with a demonstrable pedigree, rather than to faceless organisations (some of which have an unfortunate reputation for arro-

Mr John MacArthur, the founder of MacArthur & Co, formerly of Kleinwort Benson and Prudential Bache, argues that

the critical question is whether the niche



Richard Agetter, "A number of merchant banks have come down into what we thought was our market place, and we have moved up a bit"

firms will become mini-merchant banks, developing a retained client list.

"If M&A business is going to be smaller and different, those who set out their stall to do pure M&A could have a pretty thin time," he says. "We are a full service corporate finance advisory organisation, from the generation of ideas to organisation and execution; many of the people around are not equipped by background or training to give mainstream corporate finance advice

Mr MacArthur's own small team, which already features Mr Nigel Christie, an old Kleinwort Benson and Warhurg hand, was strengthened recently by the arrival of Mr David Hudson from Campbell Lutyens Hudson, where he was a partner.

Wasserstein Perella, for its part, is firmly optimistic about the long-term

"We have a 10 to 15-year plan which includes diversification efforts that have already been in process for five years," says Mr Michael Biondi, managing director. "We also believe our advisory business is solid and will continue to improve as the market improves."

The debate on whether the corporate finance arms of accounting firms can legitimately claim to be financial advisers has taken something of a new turn as M&A values have fallen. Bank attitudes range from grudging acceptance of such claims to contemptuous dismissal.

"If you widen the definition of corporate

finance activity, there is a perception that the accounting firms have muscled in," says one banker. "But they have done little more than assemble traditional accounting-related activities in one depart-

"We have a worldwide network second to none," argues Mr Richard Agutter, for the other side. The chairman of KPMG's international corporate finance network says his firm is again competing with merchant banks at the lower end of its target £5m-£50m transaction range.

Mr Agutter says: "A number of merchant banks have come down into what we thought was our market place, and we have moved up a bit; the edges bave become blurred." KPMG illustrates its points by referring to its role in advising Gillette on the acquisition of Parker Pen, a deal concluded earlier this year.

The corporate finance division of Price Waterhouse exudes more aggression. Several years ago Price Waterhouse might have accepted a company's reluctance to use an accounting firm as a fully fledged

KPMG advised Gillette on the acquisition of Parker Pen, a deal concluded earlier this year

financial adviser.

"We have now been in business long enough to be a fair way up the corporate credibility curve," says Mr Tom Wilson, a senior partner at PW Corporate Finance. "We regard as our competitors not the other accounting firms but the established M&A houses who are operating at the top end of the market. The keys are good

contacts with local companies on the ground, which we have."

Mr Peter Espenhahn, deputy head of cor-porate finance at Morgan Grenfell, agrees: There is a market for people doing smaller transactions. Our cost structure does not allow us to do a small deal for a first time client; we are happy to see the accounting firms doing that business."

Advisers on International Mergers, Acquisitions and Corporate Finance



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INTERNATIONAL MERGERS & ACQUISITIONS VI

Anthony Robinson reviews post-communist Europe's developing private sector

Racing to catch up with the west

investors towards the post-communist world as a whole But a deeper, more discriminating investigation reveals a profound economic and social transformation under way in many parts of this huge region, especially in those countries not engulfed by ethnic and other resurgent historical

AD NEWS from Yugoslavia,

aimilar violence along the

borderlands of southern Rus-

sia, continuing economic decline and rampant inflation in Russia,

and even more so in Ukraine, are

conditioning the attitudes of many

As expected, the fastest and deepest changes are taking place in central Europe, although even here the full scale has been masked by official statistics pointing to steep and continuing declines in industrial production and GDP. But statistics which show that the economies of Poland, Hungary and the Czech and Slovak Republics are running at production levels 20-30 per cent below 1988, the last full year of com-

munist control, distort reality. What such figures do show is the extent to which the old economy of polluting beavy industry, arms factories and shoddy consumer goods has been scrapped or down-sized. They do not fully reflect the rocketing output from the local private sector, the rapid increase in the size and sophistication of service industries - from retailing and advertising to banking and property management - or the degree of re-integration into the global economy as foreign investors introduce new technology, buy and restructure privatised state enterprises or step up production from new, state-

of-the-art, carmaking, detergent, glass, chemical and other new plants on green field sites.

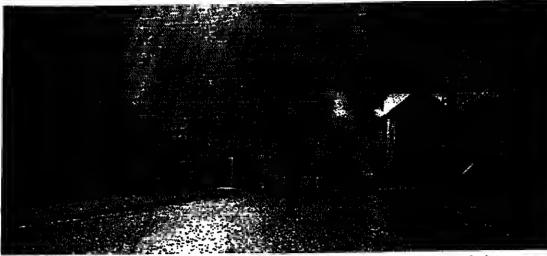
Central Europe - the Czech Republic, Hungary, Poland, Slovenia and Slovakia - accounts for just over 70m of the 400m people in the former Soviet Empire. Another 8m live in the three Baltic states -Estonia, Latvia and Lithuania which are likely to achieve similar

By any standards this represents an enormous business opportunity

levels of income and economic performance by the early years of the

21st century.
All are determined to achieve st European standards of living, and to integrate as fully as possible, and as soon as possible, into a suitably enlarged EC and Nato. By any standards this represents an enormous business opportunity which multinational consumer and capital goods corporations have been ng the first to spot.

To date the inflow of equity capital into the region since 1989, probably running at about \$10-12bn, is small compared to that which poured into Spain or even Portugal as Iberia entered the EC. It is dwarfed by the capital flows into a re-invigorated Latin America and South East Asia where capitalist



fustry and shoddy goods has been scrapped or down-sized Picture Colin Been

institutions and attitudes already exist to build on, and returns on capital are often both faster and

But the strong possibility that Poland, which with 39m people, is the largest of the non-Soviet postcommunist states, will this year achieve the highest economic growth in a generally depressed Europe has highlighted the potential for rapid and sustainable growth once the re-structured economies recover from the painful surgery of the last three years.

generating and engineering group, was one of the first strategic investors to target Poland and has gone on to acquire a string of power generating and related plants throughout central Europe. Injecting management know-how and focusing on staff and worker retraining rather than capital, ABB has developed both a new low-cost source for an increasing range of components and staked out a strategic position as supplier, from a domestic base, of

Borrowers can now bypass bank financing, writes Tracy Corrigan

ABB, the Swiss-Swedish power anti-pollution and other equipment, for which demand in the region is bound to rise sharply as economic growth gathers pace.

Ikea, the Swedish-based furniture company, is another Nordic investor well-apprised of the cost advantages involved in sourcing product from central European factories. It too has been attracted by the potential for steady and protracted growth in new markets of longstarved consumera with western tastes and a huge pent-up demand much needed power generating, for relatively cheap and stylish con-

in August, Ikea opened the biggest furniture store in central and eastern Europe just outside Warsaw and plans to invest \$55m in building other new stores by 1996. In the meantime its three Polish factories, using cheap local wood and chipboard and low cost labour, are already accounting for 20 per cent of the group's total world produc-

Poland and the Czech republic seem poised to attract most M&A interest

tion and will double this over the

next three years.
It is a similar story in the automobile sector where Volkswagen's takeover and DM7bn investment plans for Skoda Automobilova in the Czech republic, and Fiat's \$2bn commitment to Poland, have transformed prospects for the central European car industry alongside smaller investments by General Motors, Ford and Suzuki of Japan and smaller assembly operations by Peugeot and Citroen.

Hungary remains the main recipient of foreign investment with over \$700m flowing into the country over the first half of this year. But Poland and the Czech republic seem poised to attract the bulk of merger and acquisition interest over the next few years, as privatisation

releases more former state assets to the private sector and Poland finally reaches agreement with the commercial banks on the reduction and re-scheduling of its \$12bn commercial bank debt.

German and Austrian companies are particularly interested in acquiring assets in the Czech republic, which juts into German-speaking Europe like a wedge; and to a lesser extent in Slovakia where Bratislava, the Slovak capital, is almost a suburb of Vienna.

For Germany, the collapse of communism has meant not only re-unification, and the unexpectedly difficult process of re-absorbing the eastern provinces, but also the opening up for trade and invest-ment of its traditional east European backyard. German companies are particularly aware of the strategic importance of acquiring enterprises in central Europe whose management have long standing personal links with enterprises throughout the former Soviet bloc.

Their eyes are on the longer term future, when Russia and Ukraine will re-emerge from the current prostration, urgently needing buses, trains, trams, power stations, motorways - everything, indeed, as cheaply and as ruggedly made as possible

That is why two of the most interesting deals in recent months have been the link-np between AEG-Westinghouse of Germany and CKD of Prague, to build trams for both eastern and western markets; and the Skoda Pilsens tie-up with Siemens, also to make steam turbines and other equipment for the wider pan-European market now emerg-

ONDITIONS for financing mergers and acqui-sitions have rarely been so favourable. Stock markets are booming. Interest rates are at historically low levels. The availability of such financing opportunities is propitious because it coincides with a reduction in the availability of bank credit

Highly-leveraged companies in the US - and to a lesser extent in the UK - have managed to shift the mountain of debt which was threatening to overwhelm them a few years ago. Some have even built up some cash, and these are at a distinct advantage in the M&A

More borrowers are now able to bypass bank financing, which had become much harder to obtain. This is partly because there are fewer hostile takeovers than in the 1980s. In an agreed bid, the need to have financing already in place is

less pressing.
At the atart of this year, the new Basle capital adequacy requirements (forcing banks to set aside a proportion of their capital against their assets) came in, but the squeeze on bank capital was already tight. In recent years, banks have tightened their purse strings for acquisition-related financing after suffering a bad record on their loans to highly leveraged companies. The casualties of the economic slowdown

have also scarred banks. The highly leveraged deals which fuelled management buyouts and leveraged buyouts in the 1980s, mainly in the US. simply died away. The opposite process of de-leveraging - paying off their heavy burdens of debt and rebuilding their balance sheets - became the most obvious trend among compa-

"Bank financing has become more difficult generally, but

Loans replaced by bonds really clamped down on is expanding conglomerates, says one banker, "particularly where there was considered to be a greater risk because the acquisition was sizeable com-

Sentiment against conglomerates has turned, partly because of bad experiences of highly-leveraged transactions by conglomerates in the 1980s. and also because many bankers feel that in the increasingly competitive international environment, companies should be focusing on their core busi-

pared with the buyer."

"There are only a handful of top acquisitive conglomerates which still command credibility," a banker says. In the US, the junk bond, or high-yield bond market, has recovered from the fall-out of

the 1980s, although bank lendpanies. Many companies are "The financing levels on debt are so attractive right now that one might expect to see a huge surge of takeover activity"

ing remains tight. The most favourable factor has been the sharp decline in US interest rates and yields in recent

This decline has starved US Institutional investors, such as insurance companies, of paper offering high returns. As a

comfortable to buy lesser credits, because they believe that the US is on the way out of recession and these credits are

likely to improve rather than

result, insurance companies

have been hungry for higher-

vielding paper which has

improved access to the market

for sub-investment grade com-

"The bond market is replacing the loan market: the public market is willing to buy securities at a cheaper level than banks will lend," one banker

While Europe has never developed a high-yield bond market - and indeed, many European countries have rather small and limited corporate bond markets - a growing number of UK companies has tapped the US market, sometimes making use of the Securities and Exchange Commis-sion's rule 144A, which allows them to issue tradeable private placements without registering. It is not yet clear whether the trend for accepting lower credits as yields fall will really catch on in Europe, though

many emerging market bor-

rowers have now successfully tapped the market.

So far, European companies have been heavily dependent on the bank and syndicated loan markets, but in the course of the latest economic turndown they have also learnt that the banks are not necessarily their friends. As a result, many have refinanced bank debt, and may prefer to issue securities in the future.

"The financing levels on debt are so attractive right now that one might expect to see a huge surge of takeover activity, but this is somewhat mitigated by the high price of equity," says a banker. High stock prices mean that, although financing is easier for the buyer, the purchase price of the company to he acquired is correspondingly

The main shift in the financing of acquisitions by issuing stock is the greater concern among the buyer's ahareholders. Practice has shown that a company has to pick an acquisition which is on a sensible scale and appeals strategically to investors.

Some companies have also used share offerings made as a result of an acquisition to spread their investor base - for example, by seeking a listing in the US

The rights issue still remains 🐞 🖥 the most important means of financing M&A deals in the UK - and it is liked by UK institutions, which benefit from the system.

The role of banks in providing M&A financing remains extremely important, but banks are no longer ready to lend first and study the deal afterwards. More important: it is increasingly difficult, as the process of "disintermediation" advances, for banks to compete on cost with the bond or equity markets - which are in the middle of bull markets.

Strategic advice in France

Some recent transactions:

Warner Lambert

Acquisition of 34% of the common stock and strategic alliance with Groupe Jouveinal

Galeries Lafayette

Divestiture of a 49% stake in Cofinoga to Cetelem, a subsidiary of Compagnie Bancaire

Zodiac

Acquisition of a controlling block and subsequent tender offer of substantially all the capital of Sicma Aéro Seat SA

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Strategic advice in Germany

Some recent transactions:

Witco Corporation

Acquisition of the Industrial Chemicals and Natural Substances Divisions of Schering AC

Asca Brown Boyeri AG

Divestiture of a 97.8% stake in ABB Metrawatt Gmb[] to Rôchling KG

Marzotto SpA

Acquisition of 77.5% of the voting capital of Hugo Boss AG from the Leyton I louse Group

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MORGAN STANLEY'S ESTIMATE OF EUROPE'S

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Energy/08

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a) The percentage given as the government stake is the actual amount held directly by ent, and does not include stakes held by state banks etc.

b) Where a stock market price exists, the government's shareholding is translated at

c) If no market price exists, shareholders' funds are taken from the balance sheet and multiplied by the percentage owned by the government.

All amounts are in US dollars. No implication is made that these are valuations of the companies or prices at which they could or will be brought to the market. Amounts given are as an indication only.

NVA = Not available Note: Method used for valuing government stakes is:

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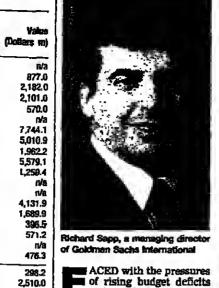
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INTERNATIONAL MERGERS & ACQUISITIONS VII

As the pace quickens, John Thornhill reviews the privatisation bonanza

Bankers strike pot of gold



ACED with the pressures of rising budget deficits and the demands of ageing populations, governments around the world are feeling the squeeze.

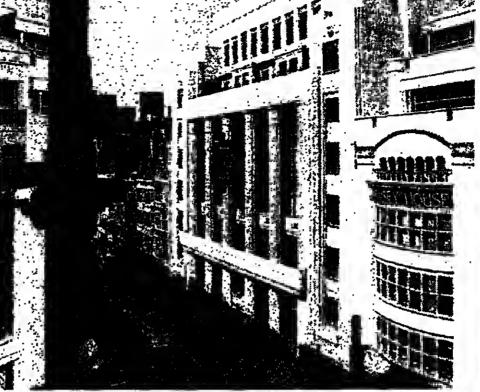
Many have hit on the same solution of privatising stateowned assets to plug the gaps in their nation's balance sheets. Last year, about \$70bn was raised from such sales. With enormous privatisation programmes under way in western and eastern Europe, Latin America and the far east, the pace of privatisation will only auticken.

For merchant bankers, this process represents a huge pot of gold. Not only will governments pay bankers fat fees to help prepare companies for flotation and trade sales; integrated banks will also win a slice of the action through distributing shares to overseas fund managers,

As well as the short term financial bonanza, bankers believe they may gain substantial long term benefits. Helping to privatise companies will enable banks to forge closer corporate relationships, perhans resulting in mergers and acquisition work.

One of the biggest and most attractive privatisation programmes is being launched in France. The Ralladur government is committed to transferring at least 21 companies to the private sector over the next five years. More than \$50hn of corporate assets are likely to be brought to the market. increasing the capitalisation of the Paris bourse by as much as

The world's leading merchant bankers are busy flaunting their wares to the French



Goldman Sachs's London headquarters – it was formerly the Deily Telegraph newspaper's building – in Fleet Street. The bank has been developing its presence in Europe over many years

government. The bulk of the ing on UK privatisations and work, though, seems likely to be won by French banks. recently, belping to place shares in Repsol and Endesa of

Since the first wave of priva-tisation in 1986-88, French Spain. In France, it has been develbanks, such as Société Généroping a high profile presence ale and Paribas, have grown in in the mergers and acquisisize and sophistication, buildtions field. Last year, for examing up their international disple, it advised - somewhat controversially - Assurances Générales de France about its tribution networks. But there may be rich pickings for for-eign banks with a strong prespurchase of s 25 per cent stake ence in the US and the far in AMB of Germany for £422m. East, in particular, Prominent among them is Goldman Sachs. Mr Sylvain Hefes, the first French partner of the US

Mr Hefes believes that US fund managers will have a keen appetite for the shares of French privatisation stocks. Many of those to be privatised are well known, world class companies such as Rhône Poulenc and Elf Aquitaine. US fund managers are relatively underweight in the French market and eager to increase their exposure to markets outside

Moreover, Mr Hefes argues that Goldman Sachs is the natural partner for US companies He points out that French companies bave invested four times as much in the US as their US counterparts have done in France. Over the past few years, bowever, Goldman has advised Emerson Electric about its £290m acquisition of Leroy-Somer and belped the US drugs group Bristol-Myers Squibb buy a stake in UPSA.

We have a dominant position in the world's equity market and we can also belp develop partnerships, restructurings, joint ventures and stra-





tegic alliances," Mr Hefes says. Mr Jacques Mayoux, former chairman of Société Générale who acts as an adviser to Goldman Sachs in Paris, suggests that privatisation will have wider economic implications. increasing the role of the market in France. This is likely to produce greater industry rationalisation, leading to more focused groupings.

"Companies are going to bave to think more in financial terms. They will have to consider bow to pay dividends and how to present themselves to the market. After that, they may have greater flexibility to win market leading positions in different product areas, selling some assets and buying others," Mr Mayoux says.

He believes many French companies will also develop more international alliances along the lines of Renault's link-up with Volvo, This, of course, all means lucrative work for investment banks.

Yet Goldman Sachs will probably take years to establish itself fully on the French financial scene. It has just 20 staff to Paris - although more bankers work on French projects from its European head quarters to London.

Moreover, the French gov ernment is notorious in defence of national banking institutions. Given the presumed role of "Anglo-Saxon speculators" in bumiliating the sniffy about US and UK banks.

The Financial Times plans to publish a survey on

investment bank, believes

Goldman Sachs can play a big

role to the privatisation pro-

gramme. The bank has been

developing its presence in

Europe over many years, advis-

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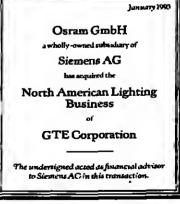


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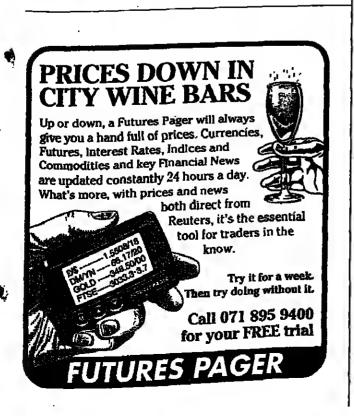
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INTERNATIONAL MERGERS & ACQUISITIONS VIII

RE there too many foreign investment bankers in Germany? One banker, who for understandable reasons wants to remain anonymous,

thinks that there are. "Germany is teeming with investment bankers beating their breasts in search of business which just isn't there," he observes. "They talk about the business out there waiting to be done, they get highly paid jobs on the basis of the business they are going to do... but I doubt whether they really do enough to justify their overheads.

Tha thing is that the investment banker here does not have the comfortable role he enjoys in the UK or the US. German companies see almost no reason for using them - and why should they?

"It makes sense to use a foreign investment bank when you are trying to sell a company to a foreign buyer, but that is about it in terms of conventional M&A husiness. Nowadays It is difficult to persuade a German company to use a foreign investment bank as anything other than a broker for selling troubled subsidiaries."

Is this bleak assessment correct? Certainly, the investment banker's lot in Germany is a poor one amid Germany's worst recession since the second world war. According to statistics complied by the German arm of Coopers & Lyhrand, the accountancy firm, the number of transactions in Germany last year fell hy 12 per cent to 2,559 - the lowest level for five years.

A German investment banking life is not a happy one at present, writes David Waller

More talk than action in business

Among these there were a handful of enough to have won a mandate, there mergers and acquisitions at S G Warburg. spectacular cross-border deals, such as the complicated joint transactions which led to Crédit Lyonnais' purchase of a majority stake in the BfG Bank for a total package of an estimated DM1.5bn. The related transaction was Assurances Générales de France's acquisition of a large holding in Aachener und Münchener Bateiligungs (AMB), Germany's second largest insurance group.

Westdeutsche Landesbank, the state sector bank, bought Thomas Cook, the UKbased travel group (for around DM600m); Schering, the Berlin based group sold its industrial chemicals division to Witco of the US for DM660.

The bulk of M&A transactions involved smaller, privately owned companies, as is usual for the German market for corporate control. Moreover, most of these deals were done without tha help of Anglo-American-styla financial advisers. German companies tend to turn to their housebank or to tax, legal and accountancy advisers for many of the services provided by investment banks in the "Anglo-Saxon"

And for those investment banks lucky

comes another problem: the Coopers study found that the quality of the market had changed perceptibly. It is no longer a sell-

"In the light of current economic climate many of the previously active acquirers have entered a period of consolidation," the study observes. "On the seller's side

says that his team of eight professionals working in the German-speaking countries has "got its hands full", for example, advising PowerGen of the UK on its pro-posed acquisition of the Mibrag lignite mines in eastern Germany.

But von Simson concedes that the "process by which German companies come to the search for a suitable huyer is often a recognise that investment banks add value

The quality of the market has changed: "It is quite difficult to get deals done in these circumstances"

fruitless one." "It is quite difficult to get deals done in these sort of circumstances," confirms Peter Espenhahn, deputy-head of corporate finance at Morgan Grenfell, the UK merchant bank which is a subsidiary of Deutsche Bank, Germany's higgest bank, and a director of the hank's German operations . There tends to be a large gap hetween the expectations of buyer and

seller. Selling companies at a time of declining fortunes is always difficult." Mr Piars von Simson, head of European

to transactions is very gradual... There will not be a boom in M & A business, but the conditions are right for a gradual increase in the use of financial intermediaries in the German market."

Long-term factors include the increasing tendency of German conglomerates to "unbundle" non-core businesses or the increasing trend towards privatisation of assets owned by federal and regional government, von Simson believes.

At least two new foreign investment banks hava established themselves in Frankfurt since 1990, attracted by similar arguments to those advanced by Mr von Goldman Sachs, the US investment

bank, has made a big splash in the Frankfort financial community: it has recently taken a second floor in the Messeturm skyscraper and has doubled its personnel in Germany to 120 over the last year alone. Phil Murphy, one of the firm's two resident partners in Germany, says that, along with the Hong-Kong office, Frankfurt is the fastest growing office in the entire Goldman Sachs natwork. The firm is active in the fixed income and equity mar-

Kleinwort Benson's presence is more modest: there are just six profe based in the Frankfurt office. But the avolution of the office since it opened last year shows how, with a degree of flexibility, a UK merchant bank can adapt itself to changing circumstances in the German corporate finance market.

kets in Germany as well as mergers and

When we started, we expected that 90 per cent of our business would be mergers and acquisitions," says Mr Hendrik Borggreve, chief executive of Kleinwort's Ger-

man operations. "That was the game in town and everybody was doing it. But then we faced difficulties as the market started to dry up. When we started it was possible to line up 50 or so buyers for every company that came up for sale. Now almost nobody wants to buy."

The solution was to broaden the range of service offered by the new office - with a particular focus on project finance, a London speciality which had not hitherto been developed on an international basis.

Kleinwort's Frankfurt office is advising on the financing of a number of important infrastructure projects in eastern Europe For example, it is advising Gazprom, the Russian state-owned gas company, on two such projects: a DM5bn plan to construct a pipeline to bring Russian natural gas to Germany, and a DM1.5on proposal to build a polyethylene plant at Novy Urengoy in Siberia in confunction with western partners. Kleinwort is also advising on the financing for the planned D-5 motorway which will link Prague with Nuremburg

"After 16 months in action I am confident that we will make a profit this year," says Borggreve. "The office is ahead of

Not all international investment bankers operating in Germany can make such a positive statement. Sceptics - such as the anonymous banker above - expect an early shake out as institutions that decide the investment in time and money needed to crack the German market is too great.

Judy Dempsey examines a deal in eastern Germany's utilities sector

Power to a UK-US elbow

AFTER nearly 18 months of negotiations, an Anglo-American consortium headed by Britain's PowerGen, NRG of Massachusetts, and Morrison-Knudsen of Idaho will soon sign an important contract which will give it a foothold in eastern Germany's highly regulated ntilities sector.

The consortinm will buy Mitteldeutschen Braunkoble AG (Mibrag), the giant brown coal fields which straddla the eastern German state of Saxouy-Anhalt. These fields are expected to produce between 15m and 20m metric tons of lignite a year.

The Anglo-Americans are also buying a 44 per cent stake in a power generating plant at Schkopau, near Halle, Saxony-Anhalt's second largest city. The Schkopau plant has a capacity of 900MW. The consortium will huy the equivalent of

Ontsiders may well ask why the Anglo-Americans should at all be interested in acquiring notoriously dirty brown coal fields, as well as a power plant - particularly since eastern German industry has almost collapsed, with the inevitable consequence of a sharp drop in energy con-

The answer is that by acquiring Mibrag and Schkopau, the consortium will tap into eastern Germany's utility sector, and

will be well placed to expand eastwards. into eastern Europe and the former Soviet

Reaching this stage of the negotiations was extremely difficult. From the begin-ning, the consortium was restricted in its activities in eastern Germany hy the Stromvertrag, or Electricity Contract. This contract was signed in August 1990 between Vereinigte Energiewerke AG, or Veag, eastern Germany's major ntility, and western Germany's eight main major ntility companies.

Under the terms of the Stromvertrag, the latter gained a monopoly over Veag, which also controls the high voltage grid

The Anglo-American consortium bid for Mibrag in return for gaining some access to power generation

throughout eastern Germany. At the same time, the contract insisted that eastern Germany's own 15 ntility companies must buy 70 per cent of its energy from Veag as a means of underwriting the massive investments which western Germany's utilities would undertake in eastern Germany. These include building, upgrading, or modernising the region's power gener-

ating blocks; by the year 2010 these will have a capacity of over 12,000MW.

The consortium tried to find a way round the Stromvertrag through the Trenhand, the agency charged with privatising and restructuring eastern German industry. Because the Anglo-Americans could not buy directly into power generation in eastern Germany (it could not - at least in the early stages - be guaranteed any access to the grid, without which it could not sell its energy), it decided to bid for Mibrag in return for gaining some access

to power generation.
This suited the Treuhand. It wanted an investor which would save Mibrag, guarantee several thousand jobs and commit large investments. The consortium is expected to pay about DM700m for Mibrag. For its part, the consortium was determined to link its purchase of Mibrag with access to power generation. After long and protracted negotiations in Berlin, the Anglo-Americans are set to sign a mining contract, and to pay DM800m for its 44 per cent stake in a power generat-

The success of these acquisitions, however, depends on two crucial factors: the development of the east German economy; and the willingness by Veag, or any of the



Redundant ideas: the Karl Marx monument over the entrance to Leipzig university Pean

eight west German utilities, to give the consortium greater access to power generation, After all, the interests of PowerGen and NRG do not rest with mining. They are concentrated on power generation. Initially, the consortium had wanted access to 900MW of generation in eastern Germany, It has had to settle for Schko-

pan's 400MW - for the moment. Mibrag has guaranteed coal contracts in

place already. Over the next 40 years it will supply about 10m tons of coal to Lippendorf, a large power generation plant in Saxony-Anhalt, and to nearby Schkopan, thus giving the mines a secure economic base.

Schkopan's energy will be sold to the railways, local domestic heating system and Buna, the large chemical plant which the Treuhand plans to privatise. However. increased profitability and turnover of both Mibrag and Schkopan will partly depend on the future development of Buna, and Leuna, an oil refinery plant partly owned by Elf Acquitaine, the

French petro-chemical company.

If the Treuhand comes up with a viable plan for Buna, and if Leuna will expand, it is expected that both will require more energy. The consortium is thus well placed to meet these needs, through producing more coal at Mibrag, building an additional plant at Schkopau, or building a power generation plant near Leuna.

In addition, if the Mibrag fields can be shown to be run efficiently and profitably, there is every likelihood that the consortium will be in a strong position to sell a share to any of western Germany's eight utilities. In other words, if Mibrag was opened up to west German participation. there is every likelihood that this would increase the consortium's access to Veag and the high voltage grid which is monopolised by these eight utility companies.

The acquisition by PowerGen and NRG of Mibrag and Schkopau represents the beginning of the consortium's activities, not only in eastern Germany, but in eastern Europe as well. The battle to open up eastern Germany's utilities sector might have been long and difficult. But the prize, over the next decade, is expected to compensate - more than compensate - for those tough negotiations.

Strategic advice in Italy

Some recent transactions:

Bacardi

Acquisition of a controlling interest in General Beverage Corporation, the holding company for the Martini & Rossi group of companies

Acquisition of 43.5% stake of the common stock of Valeo SpA from minority shareholders through a public exchange offer

Industrie Zignago

Divestiture of 100% of the common stock of A.L.A.-Approvvigionamento Latte Alimentare SpA to Cragnotti & Partners Capital Investment NV

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Strategic advice in Spain

Some recent transactions:

Cemex, S.A.

Acquisition of a majority shareholding in La Auxiliar de la Construcción, S.A. ("Sanson") and in Cía. Valenciana de Cementos Portland, S.A.

Fortis

Formation of a "bancassurance" joint-venture with Caja de Ahorros y Pensiones de Barcelona ("La Caixa")

Increase of its ownership in Argon, SA from 50% to 98% through public tender offer

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LONDON STOCK EXCHANGE

Equities calm ahead of futures expiry By Terry Byland, UK Stock Market Editor

A CALMER session in hoth stock index futures and equi-ties saw the FT-SE 100 Index recover the 3,000 mark yesterday, to the relief of market analysts. There was an easing of the pressures of the expiry this morning of the September Footsie future contract which lay behind much of the setback in share prices in the previous ssion. By the close the futures contract was nearly in line with the underlying market, in readiness for today's

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expiry. The latest UK employment data made little impression, nor did the market respond to political nervousness over criticism of government policy by Mr Norman Lamont, former chancellor of the exchequer. Corporate developments provided the features and underlined the market's apparent readiness to trade at current levels. The most inspiring, if not the most unexpected, came from the confirmation that the administrator of Mirror Group Newspapers is ready to offer his 55 per cent stake.

A slow start saw share prices at first continue tha uncertainty which has plagued them for the past two weeks. Prog. ress was slow hut, closely mirroring the stock index futures contract, the Footsie recaptured 3,000 in mid-afternoon.

Equities were helped by a firmer trend in UK government bonds and in other European equity markets. The second half of the session held steady but without providing excitement. The final reading put the FT-SE Index at 3,003.9 for a net gain on the day of 14.5 points. London brushed aside a sluggisb start on Wall Street, down 7 Dow points in UK hours. Trading volume was rele-

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tively high, although yesterday's Seaq total of 668.6m shares fell below the 741.9m of the previous day. Retail, or customer, business was worth £1.5bn on Wednesday, confirming that profit-taking had been significant, but not particularly alarming.

Analysts' views on this week's sbakeout were summed up by Mr Trevor Laugharne at Kleinwort Benson, who said

TRADING VOLUME IN MAJOR STOCKS

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・ 1日 日本ではかけ、「は日本にある」「中央で、中央では、「日本では、「は日本には日本には日本には、「は日本には日本には、「日本には、日本には、「日本には、「日本には、「日本には、「日本には、「日本には、「日本には、「日本には、「日本には、「日本

that the fall below Footsie 3,000 should not cause undue alarm. and reflected mildly negative forces rather than "the first hoof beat from the horsemen of the Apocalypse". Kleinwort "welcomes a healthy correction" and stays with its belief that the Footsie is likely to fall to a support level of around 2,970.

Although the rally in government bonds was very modest,

confidence on hase rate cut prospects recovered. Consequently, there were significant rallies among the interest-related issues, with retail stores generally adding a few pence. The sector was helped by a successful deal in the US by Dixons, the British high street electronics retailer.

Wall Street's firmness overnight, together with a steadier one in the currency markets, enabled the blue chip international stocks to stage a recov-ery. Pharmaceuticals and oil shares, both heavily-weighted components of UK market indices, found support.

Second line issues remained under a cloud, bowever, as would-be sellers still found it hard to find hovers for stock taken aboard at the market's peak. The FT-SE Mid 250 Index. covering a broad range of non-Footsie etocks, dipped 2.9 points to 3,421.2.

While some turmoil in share prices is possible this morning during the futures expiry, dealers' nerves seemed much

Accoun	rt Deeling	Dates
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Option Declarat Sep 18	Sep 30	Oct 14
Sep 17	Oct 1	Oct 15
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"Now then durings may take two humbers days earlier,

Shock for LIG shares

A DRAMATIC profits warning from London International Group, the condom manufacturer and photo processor, sent a wave of embarrassment through the investment community yesterday and the share price plunged by a third,

down 63 to 140p. LIG said it expected its halfyear results to he "very severely depressed compared with last year" and added that Mr Tony Butterworth, the chief executive, was taking early retirement. It said the main problem was in the troubled photo-processing arm. That section normally makes its profits in the first haif. which covers the summer months when most photos are taken, and is now set to make

a loss. The company was censured by the Stock Exchange in May for leaking a profits warning into the market earlier in the year. That warning knocked the shares and afterwards a number of analysts felt that the problems had then been discounted in the share price. Enthusiasm was huoyed hy full-year results at the end of June when the company said its main husiness was resilient to recession.

Most analysts were crouching behind their screens yesterday but Mr Peter Laing of Salomon Brothers confessed: "I was e great fan of Tony Butterworth and had certainly hoped that the photo business would turn around. This has been a

Dixons pleases

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There was an immediate positive response to the announcement from Dixons that it was

NEW HIGHS AND LOWS FOR 1993

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diluting its interest in its loss-making US subsidiary Silo – a move which has long been urged on the electrical group by London analysts. Evidence of the welcome afforded by investors was seen in the stock's biggest turnover in more than three years et 14m. Dixons jumped 27 to 260p.

BZW upgraded its profits forecast for the current year from £78m to £86m as a result of the move. However, Mr Tony Sheret, the hroker's stores specialist, said he remained cautious on the stock, citing doubts over the quality of earnings and the threat of increased competition in the UK. Under yesterday's deal. Dixons will cede control of Silo to Fretter in return for a minority stake in the US

MGN deal ahead

Arthur Andersen, the administrator of Mirror Group Newspapers, acted to defuse speculation over the sale of its 54.8 per cent stake yesterday by announcing that it was megar ing the details for a placing in the market.

The stake, which represents some 220m shares, will be sold by Rothschild, Andersen's financial advisars, and Cazenove. The two firms will be joined by NatWest Securities, James Capel and S.G. Warburg. Mr John Talbot of Andersen

said: "In view of the success of the new management team in restoring MGN'e fortunes and in removing a number of uncertainties overhanging the company" he was planning an offering of up to all the staka "subject to appropriate market conditions".

No idea of price, date or method of placing was released but the appointment of so many leading securities houses to handle the sale implies that the timing and details will be well flagged before the placing takes place. Mirror shares slipped 5 to 186p vesterday.

Setback for UB

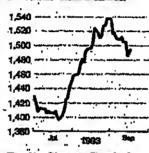
Disappointing results from United Riscuits sent the shares into decline to close 9 down at 353p in turnover of 5.2m. Profits came in at the bottom of market expectations and the lack of increase in the dividend compounded investors' disgruntlement. UB blamed the difficulty of passing on higher raw material costs, which sup-

pressed margins. Mr Carl Short at Strauss Turnbull, who cut his forecast for the full year from £200m to £171m, said trading conditions in the second half would remain difficult. He added that the current uncertainties surrounding the stock demanded yield of around 6 per cent, implying a share price of 330p.

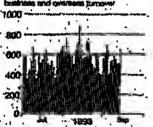
Laporte strong Specialist chemicals group Laporte saw its shares jump 35 to 655p after the company announced a 15 per cent rise in first-half profits to £51.3m and

a raised dividend. UBS maintained Its buy

FT-A All-Share index



Equity Shares Traded



recommendation and its forecast of £107m for the full year on the basis that debt was coming down, tha proposed restructuring would cut costs and there had been a significant boost from its Evode subsidiary. However, Hoare Govett feels the share price already reflects any improvement the company has made and, while nudging its full-year estimate £3m higher to £103m, believes

the company is overvalued. The telecoms sector rebounded after its recent bout of weakness, most of which was caused by last week'a launch of Mercury's One-2-One cellular service amid worries that the market would be too

competitive. Cellular telephone group Vodafone, particularly badly hit by the offer from Mercury of free off-peak calls to private subscribers in the London area, saw some recovery yesterday. Vodafone shares have elumped by 17 per cent in the last two weeks and yesterday Henderson Crosthwaite was among brokers to decide that

the fall had been overdone. Analyst Mr Patrick Hickey said the threat from Mercury had been exaggerated. "The One-2-One launch takes the cellular market into a new stage of development," he said. "Far from losing market share, we believe Vodafone will benefit from an expanding market."

He added that the company's overseas expansion plans also left it well placed in other markets. Vodafone shares moved ahead 14 to 493p. Cable and Wireless, owners of Mercury, appreciated 8 to 838p. BT put

on 31/2 at 4171/2p. RMC Group, the huilding materials company, delivered dull results and the shares slipped 6 to 793p in steady trading. Its profit dropped to £61.6m from £62.1m last year and the dividend was held at 6.6p. Building specialists had forecast between £62m and 269m, with the dividend expec-

ted to rise to 7.1p. Other materials groups fell in sympathy. Redland lost 12 to 535p, Spring Ram 2 to 62p, Hepworth 8 to 377p and Heywood 7 to 347p.
In a dull property sector,

Moorfield Estates gained 4 to 45p after announcing a rights issue to help fund a £13m deal with British Land. The latter's shares slid 7 to 380p.

Glaxo rose 12 to 636p on talk of a an upgrade by Salomon Brothers. However, the house said it had raised forecasts earlier when the results were announced last week.

New Frontiers Development Trust lifted 11 to 100p after Credit Lyonnais Laing placed the 75 per cent stake - some 75m shares - owned hy the Merchant Navy Officers Pension Fund at 94p a share with institutions. The main huyer was Foreign and Colonial which took 30m.

A positive annual meeting at Tomkins continued to boost the shares with a BZW recommendation also belping the shares rise 9 better at 237p. Among transport stocks S.G. Warhurg wes said to be

positive on British Airways, and the shares improved 3 to 358p. Figures at the top end of expectations from Associated British Ports sent the shares 16 ahead to 452p.

British Aerospace was back in favour yesterday after Wednesday'e slide on poor. The change of mood started with Wednesday evening's meeting with institutione at Hoare Govett, the company broker, Bargain hunting was also in evidence and the ebares bounced 15 to 409p, with vol-

ume reaching 2.9m. TI Group which retreated on Wednesday in sympathy with BAe also recovered to move 5 ahead to 344p.

FINANCIAL TIMES EQUITY INDICES

	Sep 18	Sep 18	Sep 14	Sep 13	Sep 10	900 1986	" High	* LOW
Ordinary share	2331.2	2321.2	2354.1	2354.7	2365.3	1815.2	2414.2	2124,7
Ord, div. yield	3.99	4.81	3.35	3.35	3.B4	4.85	4.52	3.82
Earning yild % full	4.70	4.72	4.85	1.86	4.85	7.07	6.38	4.51
P/E radio net	27.17	27.04	27.45	27.42	27.45	17.92	28.30	19.40
P/E maio pil	25.08	24.96	25.34	25.31	25.36	18.82	25.14	16.14
Cold Mines	168.9	166.0	145.4	151.3	159.7	80.7	249.2	80.0
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I market report and talect Share Index Tel. 0691 123001. Calls charged at 36p/missis cheep rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

THE LAST full day of trading ahead of this morning's expiry of both the Footsie September future and index traded options turned out to be a much calmer and less hectic session, with signs that dealers had already unwound positions, writes Joel Kibazo. The September FT-SE 100 futures contract started trad-

slight discount to cash, but quickly declined by a further 8 points as sevaral small sell orders were executed. This done, September moved steadily ahead, gaining a modest premium to cash.

Volume was good, but with most of the traders having made an effort to square their books earlier in the week, there was little in the way of ing at 2,992 yesterday, at a

today's expiry, the forward month contract continued as the most liquid, showing nearly double the volume recorded in the December contract, which assumes market leadership on Monday. Turnover in September at the official close was 8,029 lots and that in December was 4,625.

The near month contract fin-

basket trading. In spite of ished at 3,003, leaving a 2-point premium to cash.

In traded options, volume remained healthy, reeching 36,467. The FT-SE 100 option traded 14,092 contracts, while the Euro FT-SE saw business of 2.413 lots.

Among the stock options, Glazo led the way in the activities list with a total of 2,447

APV shed 1% to 97p, as analysts downgraded full year expectations after it reported a 59 per cent fall in interim profits to £4.9m. NatWest Securities was among houses that reduced profit expectations cutting its forecast for the full year by £7m to £15m. Bumper interim profits from

tyre and exhausts group Kwik-Fit saw the shares improve 4% USM-listed Blnehird Toys rose 13 to 451p after leaping nearly 90p earlier in the week. The market was enthused by a

promotional deal with MacDonalds the hamburger chain and a sharp rise in profits. MARKET REPORTERS:

Peter John, Joel Kibazo, Christopher Price

M Other statistics, Page-21

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FT-A ALL-SHARE

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21 CONSUMER GROUP(235)

8 Motors(20) 10 Other Industrials(19)

22 Browers and Distiller 25 Food Manufacturing(2 26 Food Retailing(17)

27 Health & Household(30 29 Hotels and Leisure(19)

30 Media(33) 31 Perhaging and Poper(24) 34 Stores(39) 35 Textiles(20)

40 OTHER CROUPS(141)

41 Business Service 42 Chesnicals(23)

44 Transport(15) 45 Bectricity(16)

47 Water(13) 48 Missettaneous(32)

49 MOUSTRIAL GEOLIPESS

59 "SOO" SHARE MOEXIGO

BI FINANCIAL GROUPISON

Insurance (Composite)(7)

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68 Menthant Banks(5) 69 Property(29)

70 Other Financial(23)

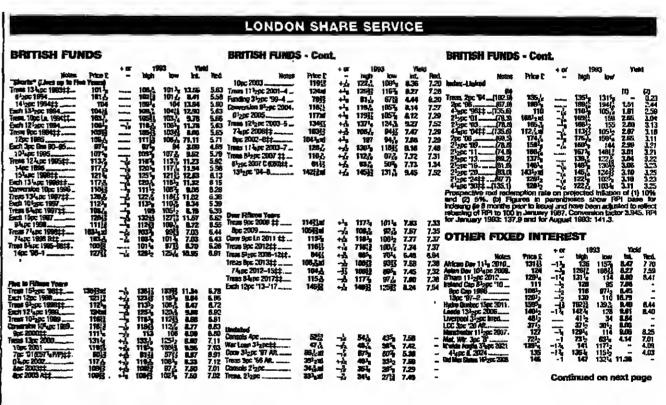
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No.8.256 Set by VIXEN

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10 Like duplication of sgree-

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11 Writers making pounds (4)
15 Children not being served

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19 Trade in used vehicles? (7) Mean to change the last squeeze on (8) 18 Oupes saw pacts broken word (4)

24 A model backing a moralist 25 Points to champion catch-

ing a train (9) 27 Note the reprobate is totally free (6) 28 An insect's metamorphosis for example (8)

29 An old military man colours (6) The friend embracing a flighty creature like a father (8)

JOTTER PAD

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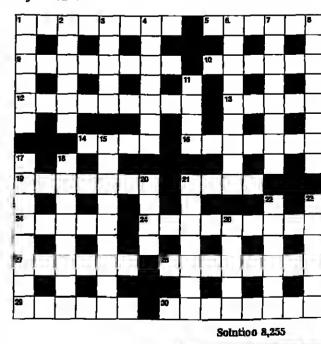
gun (6) 23 Cancel the exercise in positive fashion (6) 26 Some of the Mounties could apply for release (5)

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troversy get a bed name (9) 7 A suggestion about one'e

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causing bother (8)





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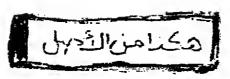
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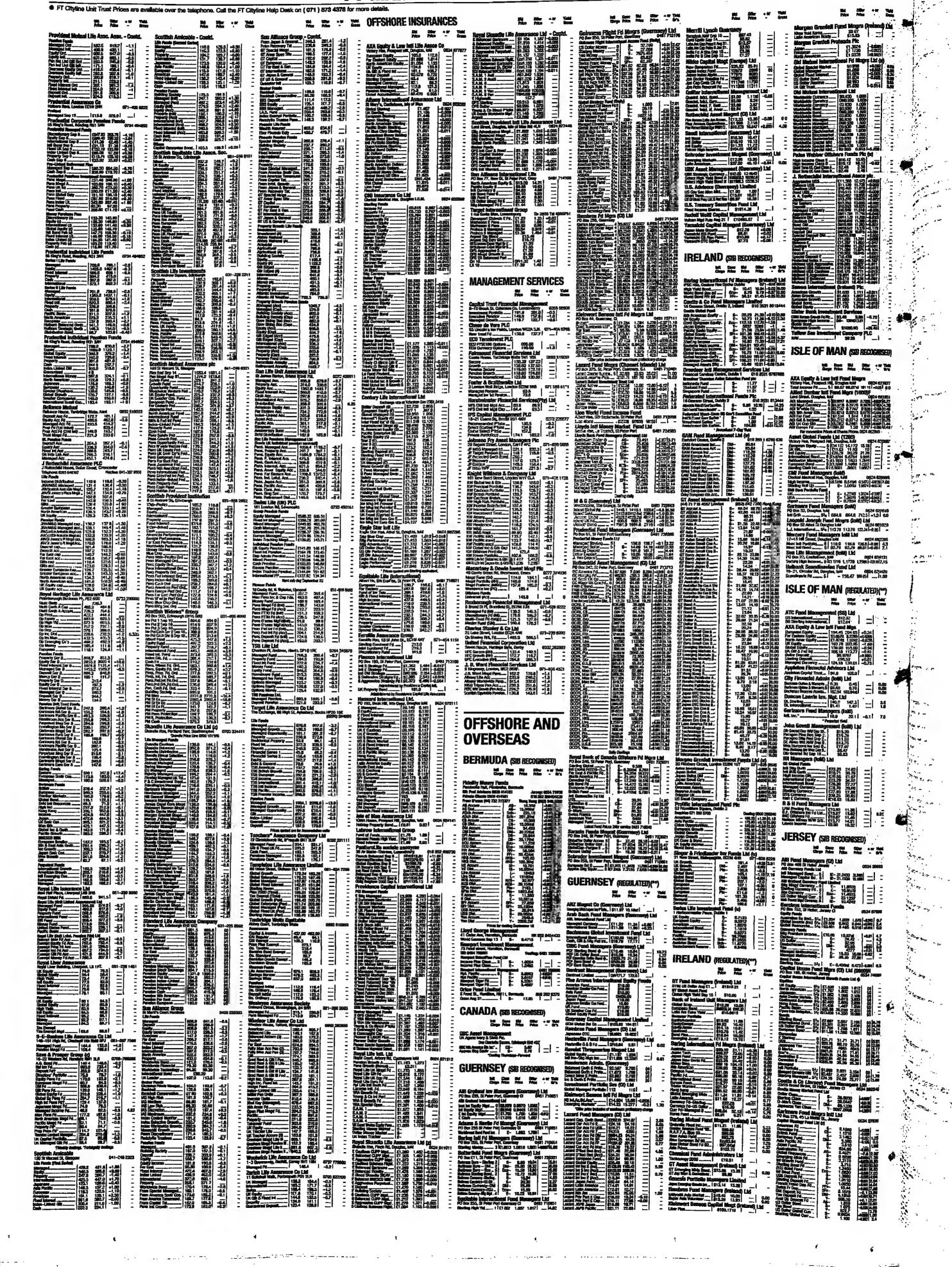
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FINANCIAL FUTURES AND OPTIONS

FOREIGN EXCHANGES

Yen rises sharply on package

THE YEN appreciated sharply against the dollar in European trading yesterday, breaking through the important Y105 barrier, as dealers took the view that Tokyo'e latest economic stimulation package would disappoint the US. writes James Blitz.

Since August 19, the sevenmonth long rise of the yen had been halted, amid signs that the US government had been mollified by the prospect of a big fiscal boost. The Federal Reserve's intervention on that day made dealers think that the Clinton administration was no longer seeking s dollar depreciation in an attempt to reduce the Japanese trade sur-

Yesterday's package was a less powerful stimulus than many dealers had expected. The headline figure for the package, at about 6 trillion yen, was larger than had been anticipated, and the Japanese suthorities claimed it would put 1.3 percentage points on GDP.

But there was no specific promise from the Japanese authorities to reduce income tax and there was no cut in the official discount rate.

Comments from US officials

Sep 16	Ludeșt	Previous Close
Spot	1.5300-1.5318 0.39-0.36cm	1.5485 1.5495 0.39 0.38pm
3 months 12 months	1.08-1.05gm 3.38-3.28gm	1.00 1.05pm 3.38 3.28pm
orward premie	uns and discounts	apply to the U

80.9 80.9 80.9

Noon	=	80.9	80.9
1.00 pm		80.9	80.0
2.00 pm		80.7	81.1
3.00 pm		80.9	81.1
4.00 pm		80.5	81.2
CUR	REN	CY RA	TES
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8.30 sm _____ 9.00 am _____ 10.00 acc ____

•	All SOR rates are for	Sep 15
	CURRENC	Y MOVEMENT

Sep 16	Bank of England Index	Morgan Guaranty Changes %
Sterling U.S Dollar U.S Dollar U.S Dollar U.S Dollar Austrian Schilling Belgien Franc Darick Krone D-Mark Syntas Franc Dutch Guilder Urench Franc Lica	80.5 64.2 91.1 115.3 112.7 128.1 118.5 120.7 107.4 78.8 182.4 88.9	-28.58 -13.30 -10.85 +17.03 -1.42 +689 +33.81 +25.88 +22.85 -8.17 -35.36 +120.60

Sep 19	٤	- 5
Argentine	1.5320 - 1.5336	1.0010 - 1.002
Australia	23525 - 23545	1.5345 - 1.538
Braza	151.135 - 151.140	98.7500 - 98.75
Finland	8.7945 - 8.8485 350,850 - 357,900	5/8/5 - 3/8/
Hone Kime	11.8256 - 11.8415	7 7210 - 7792
iran	2439.00 - 2445.00	150100 . 1585
Marera (Sittle	1243.45 - 1283.50	805.50 - 811.9
Numait	0.45730 - 0.45830	0.29880 - 0.298
Lucambourg	52.45 - 52.55	34.20 - 34.30
Maleyala	3.8995 - 3.8965	2.5460 - 2.547
Mexico	4.7570 - 4,7800	
	27685 - 27725	1.8090 - 1.811
Sout Ar	5.7335 - 5.7470 2.4370 - 2.4445	3.7495 · 3.750 1.5950 · 1.596
Singepore _ (S.Af (Cm)	5.1930 - 5.2055	3.4085 - 3.411
SAL (FII)	7.1320 - 7.1780	4.6600 - 4.690
Talman	41.15 - 41.30	25.90 - 27.00
ILAE.	5.6110 - 5.6286	16715 - 1673

pressure would come off the Japanese authorities. In the European afternoon,

Mr Ron Brown, the US Commerce Secretary, said that the administration had expected that a bigger stimulus would be forthcoming. Earlier in the day an unnamed official had been quoted as saying that the proposed package would fall far short of what was needed to boost the country's econ-

After closing at Y106.25 on Wednesday night, the yen hroke through the Y105 level and closed in London at Y104.40. One dealer suggested that the yen could now break through the Y100 level for the

first time. At the start of US trading, the dollar weakened sharply against the D-Mark, falling as low as DM1.5875, after US indicators showed that the country's trade deficit was still very high. The data showed that the trade deficit remained at a sizable \$10.34bn in July.
However, there was strong
buying of the dollar at this level, as US fund managers entered the market, buying the US currency at what they clearly perceived was a very cheap level. The dollar later closed at DM1.6065 from e previous DM1.5930.

In Europe, sterling fell sharply following a very strong attack on Mr John Major's leadership in two articles written by Mr Norman Lamont, the former UK chancellor. The currency was also undermined by figures which showed the sec-ond consecutive monthly rise in unemployment.

Both pieces of news raised speculation that the British government might again be moved to cut UK base rates, either at the time of the conservative party'e annual conference or in Mr Kenneth Clarke's first budget. The pound closed at DM2.4625 from a previous DM2.4725.

	EMS E	JROPE					_	
		Ecor Cestral . Rates	Currency Amounts Against Ecu Sep 10	% Change from Castral Rate	V2. 4	Spreed Heakest Irreacy	Diverg	ence stor‡
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POI Sup 19	Day's spread 1.5280 - 1.52	OT - FC 505 1.533(980 2.762(15 52.46	DRWAR Close 1 - 1.5340 2 - 2.0100 2 - 2.7725 3 - 52.55	D AGAIN One month 0.57-0.35cpm 0.29-0.21cpm 1g-1,cots 12-27-effs 12-27-effs	ST T % p.s. 2.82 1.49 -0.81 -3.77	HE PC Three months 1.08-1.0 0.52-0.4 35-4	DUN ISpen ISpen Is	27: 1.6: -0.5: -3.0:
POI Sup 19 Sup 19 Sup 19 Sup 19 Supradu	Day's spread 1.5280 - 1.52 2.0070 - 2.02 2.7600 - 2.71 1.0.0540 - 10.1	770 10.0575	DRWAR 1 - 1.5340 2 - 2.0100 3 - 2.7725 5 - 10.0675	One month 0.57-0.35cpm 0.29-0.21cpm 1g-1;cd5 12-21cds 51-8-0.064	ST T % p.s. 2.82 1.49 -0.81 -1.77 -7.01	HE PC Three modes 1.08-1.5 0.52-0.4 1 35-4 10-12	DUN Spen Spen Spen Spen Spen Spen Spen Spen	27: 1.0: -0.5: -3.0: -4.4:
POI Sup 19 Sup 1	Day's spread 1.5280 - 1.5; 2.700 - 2.7; 52.35 - 53.6; 1.05540 - 10.1	T - FC 305 1.5336 306 2.0096 307 2.0096 308 2.7625 308 3.577 309 3.577 309 3.577 309 3.577 309 3.577 309 3.577	Cose 10 - 1.5340 10 - 2.0100 10 - 2.0100 10 - 2.0725 10 - 2.0725 10 - 1.0585 10 - 1.0585	One month 0.57-0.35cpm 0.57-0.35cpm 0.59-0.21cpm 12-21cpls 12-21cpls 54-0-2-oneds	ST T % p.i. 2.82 1.49 -0.81 -1.77 -7.01	HE PC Three months 1.08-1.6 0.62-0.4 1.0-1.2 0.19-0.3	DUNI ISpen Ispen I	27: 1.0: -0.5: -3.0: -4.4: -0.8:
POI Sup 19 Sup 1	UND SP(Day's spread 1.5280 - 1.5; 2.0070 - 2.0; 2.2000 - 2.7; 52.35 - 53; 10.0540 - 10.1 1.0535 - 1.3; 2.4565 - 2.4;	OT - FC 1.533 1.5	DRWAR Close 0 - 1.5340 0 - 2.0100 1 - 52.55 1 - 10.0875 5 - 1.0886 1 - 2.4690	One month One month O.ST-0.35cpm 0.29-0.21cpm 1g-1gcds 12-21cds 12-21cds 12-1gcds 13-1gcds 13-1gdds	ST T % p.s. 2.82 1.49 -0.81 -3.77 -7.96 -0.91	HE PC Three months 1.08-1.0 0.52-0-1 10-12 0.19-0.3	DUN ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 1.0: -0.5: -3.0: -0.8: -0.8:
POI Sep 19 Sep 19 Sanata	Day's spread 1.5280 - 1.5; 2.0070 - 27; 52.35 - 53.5; 1.00540 - 10; 1.0556 - 1.0; 2.855 - 2.4; 2.50.35 - 253	OT - F(505 1.533(2.000(15 52.46 700 1.0575 52 2.4600 2.565 2.24600 2.565 2.365(2.4600 2.565 2.4600	DRWAR 1 - 1.5340 2 - 2.0100 3 - 2.7725 5 - 10.9875 5 - 1.9885 1 - 2.4830 2 - 282.85	One month Osr-0.35cpm 0.29-0.21cpm 1g-1ccls 1g-2.21cpm 1g-1ccls	\$\frac{\pi}{2.82} \\ \frac{1.49}{-1.77} \\ \frac{-7.01}{-4.85} \\ \frac{-9.61}{-4.85} \\ \frac{-4.85}{-4.85} \end{array}	HE PC Three modes 1.08-1.5 0.62-0.4 35-4 10-12 0.19-0.2 300-32	DUN ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 1.05: -0.5: -0.8: -0.8: -0.8: -0.8:
POI Sup 19 Sup 1	UND SP(Day's spread 1.5280 - 1.5; 2.0070 - 2.0; 2.2000 - 2.7; 52.35 - 53; 10.0540 - 10.1 1.0535 - 1.3; 2.4565 - 2.4;	T - FC 1.533(80) 1.533(80) 2.003(80) 1.533(80) 1.005(80	DRWAR Close 0 - 1.5340 0 - 2.0100 1 - 52.55 1 - 10.0875 5 - 1.0886 1 - 2.4690	One month One month 0.27-0.25cpm 0.29-0.21cpm 1-3-0.055 12-27cdb 12-37cdb 12-37cdb 12-37cdb 12-37cdb 12-37cdb 13-37cdb	ST T % p.s. 2.82 1.49 -0.81 -3.77 -7.96 -0.91	HE PC Three mode 1.08-12 0.52-0.4 35- 10-12 0.19-0.3 30-32 185-21	DUN ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 1.0: -0.5: -3.0: -0.8: -0.8:
POI Sup 19 Sup 1	University of the control of the con	077 - FC 1.5336 1.5336 1.5336 1.5336 1.5336 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577 1.0577	DRWAR Cose 1 - 1.5340 2 - 2.0100 3 - 2.7725 5 - 52.55 6 - 10.9875 5 - 1.9895 1 - 2.4850 1 - 2.4850 1 - 197.15	One month 0.27-0.25cpm 0.29-0.21cpm 1-4-0.05 1-2-21cbs 1-2-21cbs 1-3-10cbs	2.82 1.49 -0.81 -1.77 -7.01 -0.96 -0.91 -4.85 -5.82	HE PC Three months 1.08-1.6 0.62-0.4 10-12 0.19-0.3 185-21 18-1	DUN ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 105: -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81
POI Sup 19 Sup 1	UND SP4 Day's spread 1.520 - 1.5; 2.0070 - 2.0; 2.7600 - 2.7; 52.35 - 53.1 10.0540 - 10.1 1.0535 - 1.36; 2.4565 - 2.4; 2.2525	077 - FC 1.5396 1.5396 1.5396 1.5396 1.5396 1.057700 1.057700 1.057700 1.057700 1.057700 1.0577	DRWAR Close 0 - 1.5340 0 - 2.0100 1 - 2.7725 1 5 2.55 1 10.985 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 2 - 2.384.00	One month One month O.ST-0.25 cpm 12-21 cpm 12-21 cpm 12-21 cpm 12-21 cpm 12-21 cpm 12-21 cpm 12-11 cpm 13-11 c	ST T 2.82 1.49 -1.77 -7.036 -0.91 -4.85 -5.85 -5.296	HE PC Three months 1.08-1.6 0.62-0.4 10-12 0.19-0.3 185-21 18-1	Inot al Inot a	277 1.05 1.05 1.05 1.05 1.05 1.05 1.05 1.05
POI Sup 19 Sup 1	IND SP(Day's spread 1.5280 - 1.52 2.0070 - 2.75 52.35 - 53.1 1.0.6540 - 10.1 1.0.555 - 1.36 2.0555	1.533 1.53	Coses are being B-Mark. DRWAR Cose 1 - 1.5340 2 - 20100 3 - 2.7725 5 - 10.0675 5 - 10.985 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.4850 1 - 2.1855 1 197.15 2 2884.00 1 - 12.1875	One month 0.27-0.25cpm 0.29-0.21cpm 1-4c04	2.82 1.49 -0.81 -7.00 -0.96 -4.85 -0.70 -1.49 -1.49 -1.49 -1.485 -1.49 -1.49 -1.49 -1.49 -1.49	HE PC Tired months 1.06-1.6 0.62-0.4 0.19-0.2 0.19-0.2 185-2 185-2 24-3 41-6 41-6 41-6 41-6 41-6 41-6 41-6 41-6	DUNI ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 105: -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81 -0.81
POI Sep 19 IS anada Is anad	IND SP4 Day's pread 1.5290 - 1.52 2.7600 - 2.7 52.35 - 53.5 - 53.6 1.0.0540 - 51.1 1.0.555 - 1.0 2.2555 - 2.4 2.2525 - 2.4 2.2525 - 2.5 186.35 - 186 1.25200 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2 1.2520 - 1.2	To the second se	Coses are burnel D-Atent. DRWAR Coses 1 1.5340 2.21705 2.27725 52.55 10.9875 1.9885 2.24890 2.24890 2.24890 10.24775 4.69981 12.1175	One month 0.57-0.35cpm 0.29-0.21cpm 1-4-0.05 1-3-21cpl	282 1.48 -0.81 -1.77 -0.96 -0.91 -4.85 -5.82 -0.70 -1.40 -2.91	HE PC Tired months 1.06-1.6 0.62-0.4 0.19-0.2 0.19-0.2 185-2 185-2 24-3 41-6 41-6 41-6 41-6 41-6 41-6 41-6 41-6	DUNI ISpm ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 105- 105- 105- 105- 105- 105- 105- 105-
POI Sup 19 Sup 1	IND SP(Interest the 0 IND SP(Interest the 0 IND SP(Interest the 0 Interest the 0 Interest the 0 Interest the 1 Interest the	Windless	Coses are burnel D-Marrix. DRWAR Coses 1 - 1.5340 1 - 2.0100 - 2.7725 5 - 2.4650 - 2.4650 - 2.4650 - 10.7475 - 8.6650 - 11.13576	One month 0.57-0.35cpm 0.29-0.21cpm 1-2-0.05cpm 1-2-0	2.82 1.49 -0.87 -7.09 -0.99 -4.85 -0.99 -1.40 -2.59 -0.61	HE PC Tired months 1.08-1.6 0.52-0-4 1.0-1.2 0.19-0.3 10-12 0.19-0.3 10-12 21-3 10-12 21-3 185-21 21-3 185-21 21-3 185-21 21-3 185-21	DUN Japan	27: 1.05: -0.81:
POI	IND SP4 Day's spread 1.5200 - 1.52 2.7600 - 2.77 52.35 - 53.0 1.0.6540 - 10.1 1.0.555 - 1.36 2.7600 - 2.76 2.7600 - 2.76 2.7600 - 2.76 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 1.70 2.7600 - 2.7600 - 2.76 2.7600 - 2.7600 - 2.76 2.7600 - 2.7600 - 2.76 2.7600 -	### Property 1-20	Coses are burnel D-Atent. DRWAR Coses 1 1.5340 2.21705 2.27725 52.55 10.9875 1.9885 2.24890 2.24890 2.24890 10.24775 4.69981 12.1175	One month 0.57-0.35cpm 0.29-0.21cpm 1-4-0.05 1-3-21cpl	282 1.48 -0.81 -1.77 -0.96 -0.91 -4.85 -5.82 -0.70 -1.40 -2.91	HE PC Tired months 1.08-1.6 0.52-0-4 1.0-1.2 0.19-0.3 10-12 0.19-0.3 10-12 21-3 10-12 21-3 185-21 21-3 185-21 21-3 185-21 21-3 185-21	DUN ISpm Ispm Ispm Ispm Ispm Ispm Ispm Ispm Is	27: 105- 105- 105- 105- 105- 105- 105- 105-

DOL	LAR SPOT	- FORWAR	RD AGAIN	ST 7	HE DOLL	AR
Sep 16	Day's spread	Close	(Ine month	₩ %	Three months	74 P.A.
Rt	1,5260 - 1,5505	1.5330 - 1.5340	0.37-0.35cpm	2.82	1.06-1.03om	2.7
reland	1,4380 - 1,4630	1,4455 - 1.4485	0.49-0.47cpm	3.98	1.35-1.30pm	3.6
arede	1.3070 • 1.3150	1,3135 - 1,3145	0.13-0.10cdis	-1.32	0.51-0.57@3	-1.6
letherlands .	1.7640 1.8105	1.8035 - 1.8045	0.46-0,51cdia	-3.29	1.38-1.4405	-3.1
Selgium	33.95 - 34.40	34.20 - 34.30	17.00-23.00cds	-7.01	60.00-59dis	-8.3
Decemark	B.5160 - 6.5925	5.5800 · 6.5650	4,10-4.55oradia	-7.91	11.20-11.9004	-7.0
anen/	1.5875 • 1.8125	1.6060 - 1.6070	0.49-0.50ptdfa	-3.70	1,37-1,39ds	-3.4
antique	162.70 - 164.00	163.80 - 163.90	107-11 lodis	-7.98	312-32505	-7.7
pain	127.70 • 129.10	128.60 - 128.70	78-81 cdis	-7.42	225-230dis	-7.0
	1532.00 - 1558.00	1654.00 - 1554.50	7,50-7.80fredis	-5.91	22.50-23.20ds	-5.8
loundy	6.9400 - 7.0175	7.0025 - 7.0075	1,80-2,05oredis	-3.30	5.40-5.80ds	-3.2
12000	5.5400 • 5.6210	B.6050 • 5.6100	1,88-1.90cds	-4.09	5.50-5,65ds	-3.5
weden	7.8785 - 7.9560	7.9425 - 7.9475	3.15-3.50credis	-5.02	8,60-9,10dfs	-4.4
apan	104,10 - 105.25	104.35 - 104.45	0.03-0.02ypm	D.29	0.14-0.12pm	0,5
estria	11.1800 - 11.3275	11,3025 - 11,3075	115-3.40grodu	-3.48	9.20-9.95da	-3.3
witzerland .	1,3860 - 1,4080	1.4016 - 1.4025	0.18-0.21cdg	-1.67	0.52-0.57曲	-1.5
art	1.1795 - 1.1980	1.1825 - 1.1835	0.48-0.47cpeq	4.67	1.35-1,33pm	4.5

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Se	p 16		द्वापा इंग्लि	7 D	içe İçe	Ch Mo	ngit.		१७० गणेड		Sh: longs	_ W	100 100
Storling	anc	113	3 41 67 7 71 93 101 213 101 111	· ·	10%	533 442 654 654 744 102 113 124 113 114 114	新文本品本品下品类型1000ml	464767488210 4011	- 10/4 - 10/4	453 67 983 210 911	513 642 644 874 875 251 2 871 10 871	91 105 105	55 54 55 64
And blan	Ebrodully or cent my	and S	ears (A _e - bart lern	4 per ce rains se	nt; Caron coal for	US Da	ly sad	Japan Japan	t; four ; so You;	of sea	tao day	r pages.	90 YUU
			EXC	HAI	VGE	CR	oss	R	ATE	3			
Sep.15	£	*	EX(HAI Yeo	NGE	CR N Pr.			ATE	S	8 Fr.	Pta.	Ecu

			EX	CHA	NGE	CRO	eec	RAT	E\$			
Sep.15	£	\$	DM	Yen	F Pr.	N Pr.	N FL	Ura	cs	8 Fr.	Pta.	Ecu
£	1	1.534	2.463	160.0	8.600	2.150	2.768	2384.	2010	\$2.50	197.6	1.290
*	0.652	1	1.608	104.3	5.006	1.402	1.804	1554	1.310	34,22	128.4	0.845
Dec	0.400	0.623	1	64,96	3.492	0.873	1.124	987.9	0.818	21.32	79.93	0.536
YEN	6,200	9.588	15.39	1000.	63.75	13.44	17.30	14906	12.68	328.1	1231	8.100
FR.	1.163	1,764	2.864	188.0	10.	2.500	3.210	2772	2.337	61.05	229.1	1.507
S Pr.	0.485	0.713	1.148	74.42	4.000	1	1.287	1109	0.935	24.42	91.63	0.603
N PL	0.361	0.564	0.890	57.50	3.107	0.777	1	861.3	0.726	18.97	71.17	0.468
Ura	0.410	0.843	1.033	67.11	3.807	0.902	1.161	1000.	0.843	22.02	82.63	0.544
CS	0.498	0.763	1.225	79.60	4.279	1.070	1,377	1186	1	26.12	96.01	0.645
₽ Fr.	1.005	2.922	4.691	304.8	16.38	4.095	5.272	4541	3.829	100.	375.2	2,469
Pts	0.508	0.779	1.250	01.22	4.365	1.091	1.405	1210	1,020	26.65	100.	0.668
EC.	0.772	1.184	1.900	123.5	6.636	1.659	2136	1840	1.551	40.51	152.0	1

-37	12% INSTITUTE ITALIAN COVT, BORD (STP) * LISA 200s 100ms of 100%
h. Percentage between but may, and the	Dec 112.64 113.48 111.65 112.92
ot allow the	Estimated volume 53758 (42491)
JND	10% MOTIVAL SPANISH GOVT. BOND (NONOS) Ptz 20m 100ths of 100%
% p.e.	Close High Low Prev.
m 273	Ñ
ns 1.09 ns -0.54 in -3.05	Estimated volume 0 (0) Previous day's open int, 0 (0)
10 -305 10 -447 10 -481 10 -496 10 -496 10 -285	THREE MENTE STERLING ESOO,000 points of 100%
Rs -4.96 Rs -4.06	Dec 94.27 94.29 94.20 94.20 Mar 94.38 94.38 94.30 94.29
n 0.79	Jun 94.33 94.34 94.25 94.25 Sep 94.15 94.18 94.08 94.07
m 2.81 ls -0.56	Dec 93.92 93.92 83.85 93.82 Est. Vol. (Inc. figs. not shows) 54158 (123395)
m 2.81 ks -0.56 d 0.93 ks -1.73	Previous day's open Int. 343040 (321343)
. 12 Month	THREE MONTH EURODOLLAR \$1m points of 100%
145	Dec 98.49 96.51 96.49 98.45 Mar 96.44 96.48 96.43 98.45 Jun 96.23 96.24 96.24 96.17
LAR	Sep 95,98 95,88
pa. m 2.73	Est, Vol. (inc. figs. not shown) 665 (1301) Previous day's open int. 8624 (8641)
m 3.87	THREE MONTH EUROMANN, * 1044 Int points of 100%
4 -3.13 4 -8.36 4 -7.04	Dec 93.95 93.97 93.92 93.92 Mar 94.46 94.47 94.42 94.42
5 -144 6 -7.78 5 -7.07	Jun 94.78 94.79 94.74 94.73 Sep 94.92 94.93 94.80 94.89
5 -5.88 5 -3.20	Dec 94.86 94.88 94.85 94.85 Estimated volume 49986 (113875) Previous day's open int. 576269 (579058)
3.88 5 -4.46 0.50	THREE MONTH ECU
-3.39 1 -1.55 1 4.53	Close High Low Prev. Dec 93,18 93.21 93.08 93.08
S currency.	Mar 93,96 93,98 93.88 93,88 Jun 94,30 84,30 94,22 94,22
	Sep 84,41 94,42 94,39 94,35 Estimated volume 9470 (5527)
_	Previous day's Open Int. 25775 (25631) Three Month Edito Shall Franc STR 1m points of 100%
Ase.	Close High Law Preu
55 SE	Jun 98.04 96.04 98.04 98.03 -
54 - 5 ⁵	Sep 96.07 98.08
· · · · · · · · · · · · · · · · · · ·	THREE MONTH EIRIOURA INT. RATE
214 - 25	Close High Low Prev. Dec 91.46 91.48 91.31 91.37
44 - 34 91 ₂ - 91 ₄	Mar 91.98 92.00 91.85 91.87 Jun 92.33 92.33 92.18 92.28
t; the years	Estimeted volume 15098 (17338) Provious day's open int. 81917 (80595)
CA.	FT-SE 180 BIDEX *
	E25 per fell ledex paint
. Ecu	Dec 3025.0 3028.0 3010.0 3010.0 Mar 3041.0 3026.0
6 1.295 4 0.845 8 0.536	Estimated volume 16657 (36557) Previous day's open kd. 58215 (80235)
1 8.100	* Contracts traded on APT, Clasing prices shown.
33 0.603 7 0.468 13 0.544 11 0.645	
0.668	POUND - DOLLAR
0 1.	FT FOREIGN EXCHANGE RATES Spot 1-mtl 3-mth 6-mth 12-mth 1.5335 1,5269 1,5230 1,5149 1,5003
	1.5335 1.5298 1.5290 1.5149 1.5003

	ESCUSI SAME OF TOUR	State Calle cottlements Propositionerals Strike Calle-suttlements Puts-settlements	nt.
	Strike Calle-settlements Pulsy-settlements	Tribes Dec Mar Dec Mar Price Dec Mar On DE	
	Price Dec Mer Dec Mer 100 3-33 3-49 0-37 1-31	9500 0.53 0.90 0.02 0.01 9700 1.57 1.97 0.32 0.66	•
	110 2-51 3-10 0-55 1-56	9525 U.S. 0.46 0.11 0.07 9800 0.87 1.27 0.50 0.86	
g	112 1-39 2-09 1-43 2-55	9575 0.05 0.28 0.29 0.14 9850 0.07 0.78 1.05 1.38	1
5	113 1-11 1-47 2-15 3-29 114 0-53 1-25 2-57 4-07	9800 0.02 0.06 0.75 0.42 9850 0.27 0.60 1.40 1.00	
S	115 0-35 1-06 3-39 4-62	9650 0 0.02 0.69 0.63 1000 0.11 0.34 2.24 2.48	
e	118 0-23 0-54 4-27 5-36 Enterprised volume total, Calle 5367 Puts 8396		7
y	Previous day's open int. Cally 34164 Pole 26448	Estimated volume total, Calls 0 Puts 0 Estimated volume total, Calls 0 Puts 0 Provious day's open int. Calls 1125 Puts 800 Provious day's open int. Calls 1125 Puts 800	
y	\	USES CONTAINS BONT, ROBO (STP. FOTUNES LIFE SHORT STEELDING OPTIONS	_
ŗ	UFFE EUROMARK OPTIONS	UPTE TRALLAM BONT. BOND (STP) POTUNES UPTE SHORT STEELING UPTUNES Lica 200m HOCha of 100% 2500,000 points of 100%	
•	Series points of 100%	Code conferences Puls-antifements Strice Colls-actifements Puls-authorite	
	Strike Calls-estitements Pute-estitements Price Dec Mar Dec Mar 9325 0.71 1.23 0.01 0.02	Dries Dec Mar Dec Mar Price Dec and 0.11	
	8325 0.71 1.23 0.01 0.02 8350 0.47 0.99 0.02 0.03	1115 2.52 3.10 1.58 2.60 9400 0.37 0.65 0.10 0.17	
Š	9375 0.27 0.78 0.07 0.05	1125 1.95 2.67 1.61 2.85 9450 0.11 0.26 0.34 0.38	
S	9400 0.19 0.54 0.10 0.08 9425 0.06 0.36 0.36 0.15	1195 149 222 235 340 9475 0.05 0.17 0.53 0.54	
	9460 0.03 0.23 0.58 0.27	1140 1,29 2.02 2.85 3.70 1500 0.00 0.00 0.93	
•	9475 0.02 0.14 0.82 0.43 9500 0.01 0.09 1.06 0.63	1150 0.94 1.85 3.30 4.33 9550 0 0.03 1.25	
,	Previous day's open int. Calls 7000 Puts 1807 Previous day's open int. Calls 73503 Puts 56077	Epitominol volume total, Cuits 2836 Puis. 1738 Estimated volume lotal, Cuits 10317 Puis 1445 Previous day's open let. Cuits 20097 Puis 13518 Previous day's open let. Cuits 20097 Puis 13518	40
	Mission only a charle of the Land Long and L		
	LONDON (LIFFE)	CHECAGO	
	9% BUTTONAL REITISH SALT *	ILS. TREASURY BONDS (CBT) 8% JAPANESE YEN (IMM)	
ı	250,000 Stants of 180% Class High Low Prev.	\$100,000 32nds of 100%	'n
1	Sen 112-07 112-09 111-21 111-25	Lettest Heggs Low Press n. OSES n. OSES 0.9450 0.9	43
		Dec 118-21 119-10 118-17 118-28	ĕ
, I	Estimated volume 88186 (125158) Previous day's open int. 85291 (88624)	Jun 117-12 118-01 117-12 117-18 Sep	
	6% HOTHORAL CERMAN GOVT. BOND *	Sep - · · 115-19	_
-	DM250,000 1000m of 100%	Mar - 114-14 DESTSCHE MARK (MIN)	
ı	Close High Low Prev. Dec 98.37 98.48 98.19 98.10	Sep - 113-25 Usuri25, Usur 5 per Usu Sep - 113-06 Usurist High Low P	Ye
:	Mar 98.41 98.40 98.30 98.23	Dec · · · 112-22 Dec 0.6169 0.6244 0.6155 0.6	2
ı	Estimeted volume 65859 (67960) Previous day's open int. 149383 (149002)	U.S. TREASURY BILLS (MAN) Mar 0.6125 0.6205 0.6120 0.9	
ì		\$1m points of 100% Sep	
Į	8% NUTROBAL MEDRIAR TERM SERVICE SOFT. BOND (BORL) DIAZER,000 1000s of 198% *	Latest High Low Prev. Sep 96.91 96.91 96.89 97.03	_
۱.	Close High Low Press.	Sep 96.91 96.95 96.78 96.75 96.76 96.77 Sim points of 100%	
-[Dac 101.17 101.24 101.07 101.08	Jun - 96.67 Latest High Low P	181
1	Estimated volume 2095 (2717)	Dec 96.51 96.54 96.50 96	H
١	Previous day's open int. 13506 (14029)	BRITISH POURE (DATA) Jan 98.24 96.29 96.25 95	12
. [6% NOTHONAL LONG TERM SAPARIESE GOVT. NORD 7100m 1000m of 100%		1.0 5.8
1	Close High 1 cm	LEUCK COUNTY FINE AC CO AC CO AC CO AC CO	3
1	Dec 111.56 111.52 111.46 Mar 110.52	Dec 1.5230 1.5402 1.5180 1.5386 Mar 95.33 95.36 95.32 95 Mar 1.5130 1.5300 1.5100 1.5304 Am 95.33 95.36 95.32 95 Aun 95.33 95.36 95.18 95.15 95	
1	Estimated volume 1700 (1119)	STANDARD & POORS 600 MOEX	_
1	Traded successively on APT	SWISS FRANC (MIN) \$500 times index	_
1	12% BOTIONAL ITALIAN GOVT, BORD (BTF)	FEE 480 95 480 90 480 30 481	4
ŀ	1994 200m 1000m of 100%	LANGE THE LAND THE PART OF ACT ON ACT ON ACT ON ACT ON ACT ON	-3
1	Dec 112.64 113.46 111.65 112.92	Mar 0.7105 0.7155 0.7058 0.7138	d
Ţ	Mar 112.32 112.50 112.10 112.62	Jun 0.7129 Jun	
ı	Estimated volume 53758 (42491) Previous day's open int. 62493 (62288)		
1	10% MOTIVAL SPANISH COVT. BOND (BONDS)		_
1	Pts 20m 166ths of 100%	PHILADELPHIA SE 5/5 OPTIONS	
1	Close High Low Prev.	231,250 (cents per £1)	_
1	Ä	Strike Cells Puts	_
ı	N	1.475 6.06 6.48 6.51 7.53 0.54 1.23 1.97 3.6 1.500 4.17 4.77 5.03 5.19 1.08 2.00 2.82 4.81	3
Т	Estimated volume 0 (U)		2
1	Previous day's open int. 0 (0)	1.550 1.51 2.27 2.85 3.95 3.37 4.44 5.40 7.30	ő
1	THREE MENTE STEELING *	1.575 0.80 1.47 1.88 310 5.15 6.13 7.07 8.9 1.600 0.41 0.91 1.27 2.44 7.19 8.05 8.88 10.89	i
1	£500,000 polobs of 100%	1.625 0.17 0.56 0.82 1.86 9.40 10.08 10.92 12.57	
1	Dec 94.27 94.29 94.20 94.20 Mar 94.38 94.38 94.30 94.29	Previous day's open int: Calls 539,234 Puts 505,000 (AT currencies) Previous day's volume: Calls 15,006 Puts 22,066 (All currencies)	
ı	Mar 94.38 94.38 94.30 94.29		
J	Sep 94.15 94.18 94.08 94.07	PARIS	
١	Dec 93.92 93.92 83.85 93.83	7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATE) FUTURES	
ł	(123395)	Open Sett price Change High Low † Yield † Open	쩌
ı	Previous day's open int, 343040 (321343)	September 123.10 123.12 +0.12 123.26 122.82 - 78,13	75
ı	THREE MONTH EURODOLLAR	December 122.84 122.82 +0.10 122.88 122.50 - 186,3 March 126.52 126.42 - 126.52 126.30 - 13,7	
1	\$1m celets of 160%	Estimated volume 249,432 † Total Open Interest 260,389	_
1	Dec 98.49 96.51 96.49 96.45	THREE-MONTH PRINT FUTURES (MATE) (Paris Interbank Offered rate)	
I	Mar 96,44 96,48 96,43 98,30	December 93.75 93.75 +0.06 93.82 93.67 • 95.3	,
ı	Just 96.23 96.24 96.34 92.17	Merch 94.42 94.42 +0.04 94.49 94.36 - 52,21	
	Jun 96.23 96.24 96.24 96.17 Sup 95,98 95.88	June 94.84 94.84 - 94.89 94.79 - 44,31	
1	Sep 95,98 95,88 Est, Vol. (inc. figs. not shown) 665 (1301)	Sentember 94.84 94.84 - 94.89 94.79 - 44.78 Sentember 94.93 94.93 40.07 94.94 94.90 - 18.23	56
1	Sep 95,98 95,88 Est, Vol. (inc. figs. not shown) 665 (1301) Previous day's open int. 8624 (8641)	September 94.93 94.93 +0.07 94.98 94.90 - 18,22 Estimated volume 51,644 † Total Open Interest 223,210	56
	Sup 95,98 95,88 Est, Vol. (inc. figs. not shown) 665 (1301) Provious day's open lot, 8824 (8841)	September 94.93 94.93 +0.07 94.98 94.90 - 18,22 Estimated volume 51,644 + Total Open Interest 223,210	56
	Sep 95,98 95,88 Est, Vol., Ginc., figs. not shown) 665 (1301) Previous day's open int. 8824 (8841) THREE superhit EUROMANU, * UMB Im polate of 100% Close High Low Prev.	September 94.93 94.93 +0.07 94.98 94.90 - 18,22 Estimated volume 51,644 + Total Open Interest 223,210 CAG-40 FUTURES (MATIF) Stock Index	58 21
	Sup 95,98 95,88	September 94.93 94.93 +40.07 94.98 94.90 - 18,22 Estimated volume 51.644 † Total Open Interest 223,210 - 223,210 - 3,22 <td>55 21</td>	55 21
	Sup 95,98 95,88 Est, Vol. (inc. figs. not shown) 655 (1301) Previous days open int. 8824 (8841) THREE MUNTH EUROMARK ** UM Inr polate of 100% Close	September 94.93 94.93 40.07 94.98 94.90 - 18,22 Estimated volume 51,644 † Total Open Interest 223,210 - 200.00 <t< td=""><td>14 2 3</td></t<>	14 2 3
	Sup 95,98 95,88 95,88 95,88 185, 190, 190, 190, 190, 190, 190, 190, 190	September 94.93 94.93 +40.07 94.98 94.90 - 18,22 Estimated volume 51.644 † Total Open Interest 223,210 - 223,210 - 3,22 <td>14 2 3</td>	14 2 3
	Sup 95,98 95,88	September 94.93 94.93 40.07 94.96 94.90 18,22	14 2 3
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	Sup 95,98 95,88 95,88 Per, Vol. (Inc., figs. not shown) 655 (1301) Previous day's open let. 8824 (8641) THREE SUNTH EUROMARK 1989 1 100% Dec. 93,95 93,97 93,92 93,92 93,92 94,44 94,45 94,46 94,47 94,42 94,42 44,46 94,47 94,42 94,42 44,46 94,46 94,47 94,42 94,85 94,85 94,85 94,85 94,85 94,86	September 94.93 94.93 40.07 94.96 94.90 18,22	14238
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	Sup 95,98 Bit.B8 Est. Vol. (inc. figs. not shown) 655 (1301) Previous day's open let. 8824 (8641) THREE BUNTH EUROMARK 1989 1999	September 94.93 94.93 40.07 94.96 94.90 18,22	14238

BASE LENDING RATES

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Alfed Trust Bank 8	
AB Bark 8	
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8 & C Morchant Bank 13	
Burk of Baroda S	
Benco Bibao Vizcaya 0	
Bank of Cyprus	
Bank of Ireland	
Benk of India	
Senk of Scotland8	
Berclays Benk	
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●Robert Fleming & Co __8 Habib Bank AG Zurich _8 Haritable & Gen Inv Bk. 8 C. Hoare & Co Hongkong & Shenghal. 8 Julian Hodge Bank 8 Bl.eopold Joseph & Sons 0

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Roducthe Bank Ltd ... 8 * (In administration)

Royal Bk of Scotland8 Smith & Wilman Secs . 0 Standard Chartered ... 6 Cal Inited Bik of Kuwait 8 Unity Trust Bank Plc ... 0 Western Trust e Whiteterey Laidlerr 8 Wimbledon & Sih West.7

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MONEY MARKETS

Danes trigger rises

AFTER several daye of helped sentiment. So, too, did a uncertainty about the direction rather dovish Bundeshank of European interest rates, there was a new mood of optimism yesterday, helped in particular by a cut in Denmark's official interest rates, writes James Blitz.

The Danish central bank cut its discount and key deposit rates to 8.75 per cent from 9.25 per cent with immediate effect. Yesterday's move followed last week'e 1/2 percentage point eas-ing in the Bundesbank's discount rate. But it was the first discount and deposit rate cut since the central bank raised both instruments by 1.5 percentage points to defend the krona in the turmoil that preceded the widening of the exchange rate mechanism bands in August.

The move helped French franc interest rate futures to rise, even though the Bank of France again left its official interest rates unchanged at its regular Thursday intervention. the December French franc contract rose 6 basis points to close at 93.76.

In Germany, Euromark futures were also a little stronger as dealers took the view that sell-offs earlier this week

had been a little over-done. Comments from Mr Wilhelm Noelling, a former Bundesbank council member, that the dis-count rate would be at 4 per cent by the end of the year per cent for most of the day.

monthly report.

The Bundesbank drew attention to improving trends in M3 money supply from October onwards; while calling for fis-cal consolidation, it acknowledged that first half deficits had gone according to plan; and it also admonished France and Denmark for having cut their interest rates too timidly.

The December contract was up 3 basis points to close at 93.95 and the March 1994 con-tract was up 4 basis points to close at 94.46.

Sterling interest rate futures also rebounded after the heavy downturn of recent days. But the second consecutive monthly rise in UK unemployment also helped to turn senti-ment in the market.

The December short sterling contract rose 8 basis points to close at 94.28 and the March 1994 contract rose 10 basis points to close at 94.39.

Events in the sterling cash market were less eventful. Three month interest rates again closed at 5# per cent. There was an £800m shortage forecast by the Bank of England at the start of trading, which was only removed through late assistance - but the overnight rate hovered at 6

		KONE	Y RAT	ES		
NEW YORK				Bills and B	onds	
Lunchtime		One month	 h	294 Thr 304 FM	99 year	41
Prime rate	<u>0</u>	Three mont	h	3.02 Sev	en year	4.9
Fed.flunds	3.7.	Six month One year		3.17 10- 3.37 30-	year year	54
Fed.funds at intervent	lon	Two year		3.87		
Sep 16	Overnight	One Month	Two Months	Three . Months	Sbx Months	Lombert
Frankturt	6.80-6.95	0.70-6.80	6.55-6.70	8.45-8.55	6.25-6.35	7.25
Aurich	74-74 43-43 838-650	7.10-7.40	:	7.00-7.25 45-4-4		5.75
Instardem	8.38-8.50	6.38-6.48		6.25-6.35		
	37.31	91-94	- 1	94-97		:
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		0.4-0.2	off-off	A76_A19	0-2-0-8	
	LOND	ON M	ONEY	RATE	S	
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FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 16) 3 months US dofers

What is the FT getting up to this Weekend?

Much the same as you, no doubt.

Patti Waldmeir takes a night stroll in one of the most violent parts of South Africa, joins up with a bunch of wild-eyed black gunmen. then meets a group of white policemen who prove to be, in their own way, just as scary.

Elizaheth Robinson goes rhino-hunting and discovers why the helicoptered riflemen with their chain saws and syringes are saving animal lives.

Philip Coggan explains how clever speculation in currencies can make your pile and lose it.

Gerald Cadogan thinks about buying a castle or two, one of them quite cheaply. David Spanier and Leonard Barden give a short answer to the big chess conundrum.

Nicholas Lander appeals for your help and offers a reward for solving another problem - the remarkable case of the sleeping diner.

And so it goes on.....

Weekend FT Saturday 18 September

Bank Accounts 227 1.70 2.29 Gr 6.75 4.3125 5.90 Mm 3.93 | 5.77 | 044 5.20 ley & Co Ltd 4.60 5.17 5.3782 1 4.750 3.58 4.83 Mm. 3.000 3.75 5.09 Mm. 215 427 317 428 320 434 4.38 | 5.90 | Mm

FX and GOLD

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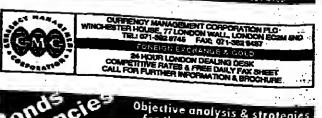


FOR AN EFFICIENT



FOREXIA FAX \$ Dm DAILY FOREIGN EXCHANGE COMMENTARIES, CHARTS, FORECASTS AND RECOMMENDATIONS

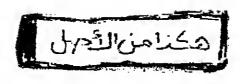






22 GOLD

-18 -16 -40 -30 -12 -14 -10 -13 -7



WORLD STOCK MARKETS

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TORONTO # pur close September 16 Quotations in costs unless marked \$ 31506 Abstal Pr \$12\tau 12\tau 12\tau 15\tau 15\t	Sampa Stack Sigh Lew Close Damp	10400 Laurent Bis Low	17 7 4 4 1 2 2 4 4 1 1 1 1 2 2 2 2 2 2 2 2 2	Sales Stock High 1800 ScottPaper S10-2 1809 Scott Hos S10-1 1800 Scott Hos S10-1 180	L
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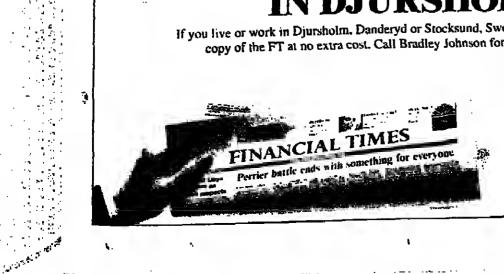
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Economic news checks Daimler slips ahead of interim results rally by US stocks

Wall Street

US stock markets failed to build oo Wednesday's late rally yesterday morning, as share prices edged lower across the board in subdued trading, writes Patrick Harverson in Non York.

At 1 pm, the Dow Jones Industrial Average was down 8.95 at 3,624.70. The more broadly based Stan-dard & Poor's 500 was 2.25 lower at 459.35, while the Amex composite was down 0.24 at 453.50, and the Nasdaq composite down 0.73 at 738.82. Trading volume on the NYSE was 128m shares by 1 pm.

Share prices rebounded strongly on Wednesday afternoon as buyers moved into the market in the wake of heavy losses. However, there was n follow through from that late rally yesterday, and prices dropped from the opening. Sen-timent was not helped by the day's economic news. Industrial production rose only 0.2 per cent in August, weekly job-less claims rose by 2,000, and the July trade deficit narrowed slightly as both export and

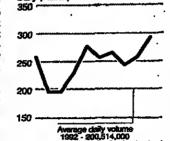
import sales weakened.

The data painted a picture of an economy still struggling to achieve anything more than

bond market, which posted fresh declines after an upbeat opening. Analysts said that investors continue to believe that the correction in both

stock and bond markets is far Amoog individual sectors, gold stocks were one of the few bright spots, thanks to

NYSE volume



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rebound in gold prices. Newmont Mining rose \$1 to \$461/4, Newmont Gold put on \$% at \$40% and Battle Mountain Gold added \$1/4 at \$7%. Placer Dome, meanwhile, rose \$1% to \$18% in volume of 1.3m shares after the company estimated that 4.8m ounces of gold may lie within its 70 per cent-owned Venea group, with Schering-Plough down \$% at \$82%, Merck off \$% at \$31%, Pfizer \$% lower at \$60% and Bristol Myers-Squibb down \$% at \$57%.

Shares in Wang Laboratories, the computer group currently in Chapter 11 bankruptcy, dropped \$% to \$1 In heavy trading on reports that under its soon-to-be-announced financial restructuring the company's stock will be cancelled and replaced with warrants that give the shares a

value close to zero. Showboat jumped \$3% to \$19 after brokerage house Oppen-heimer initiated coverage of the stock with a buy rating, and forecasting strong earnings for the next two years. Sealed Power Replacement

TORONTO remained buoyant

in active midday dealings with

renewed strength in gold

issues apurred by rebounding precious metals prices.

The TSE 300 rose 19.26 to

3.987.15 at noon in turnover of

C\$376.9m. Advancing issues

outpaced decliners 344 to 244,

The gold and silver index gained 318.40 to 8.330.05.

with 264 stocks unchanged.

climbed \$1% to \$17% on the news that it is being acquired by Federal-Mogul for \$150m in AMSTERDAM, also affected by options expiry today, was slightly stronger as shares cash and bank debt. recovered some of Wednesday's losses. The CBS Ten-

dency index advanced 1.2 or 1 per cent to 123.6. Ahold recorded a gain of

TECHNICAL trading dominated activity yesterday,

FRANKFURT was moder-ately lower ahead of today's

options expiry and the DAX index slipped 4.72 to 1,855.67.

Turnover was estimated at

Daimler, which is scheduled

to release interim figures this

morning, fall DM8.80 to

DM702.50 in axpectation of

in a recent note on the car sector, commented that

because of restructuring mea-

sures, which will lead to

"sharply rising earnings in

1994, we see the greatest turn around potential for VW and

Daimler". Volkswagen was off

Viag went against the trend with a rise of DM5 to DM495.00

after announcing the terms of

forthcoming capital

DM1.50 at DM349.

However, Bank Julius Bär.

weak data.

writes Our Markets Staff.

uropean bourses saw turnover rise for the

in August, although the pace

of increase slowed as the holi-

day season got under way,

after the strong advances of

West Securities, which pro-

duces the turnover figures,

notes that the rise in August accompanied a 6.3 per cent advance in the FT-A Europe

index during the month, with

only share market indices for

"The biggest gainers in turn-

over were the markets with the

steepest growth in the local

index, propelled by hopes of an accelerating fall in interest rates following the EMS crisis

at the beginning of the

London screen-based trading

system, increased by only 2.7

per cent on the month for the

seven continental European markets, indicating relatively

greater interest by domestic

investors in trading in their

Italy made the biggest gain

in August, with turnover up by

32.8 per cent to a record level,

in splte of the unravelling

political scandal. This repre-

sented a 64.9 per cent increase

over the average for the previ-

ous three months for a market

in local market stock indices over the month.

which saw a 12.1 per cent rise

Mr Michele Pacitti of Nat-

West Securities notes that

daily trading turnover had

GOLD shares closed higher.

although dealers remained

nervous about tha future

direction of the bullion price.

The golds index added 68 at

1,658 as industrials shed 22 to 4.532. The overall index was

SOUTH AFRICA

up 4 at 3,862.

However, he notes that turn-

month," he says.

local markets.

Belgium showing a decline.

the previous two months.

per cent in June.

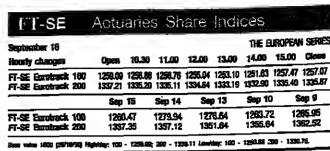
Share price and Index rebased

cing details of a share split ahead of its proposed listing in New York.

PARIS settled back slightly, the CAC-40 index off just 2.87 at 2.075.64 in turnover of

Chargeurs came off FFr16 to FFr1,135 following the rele of its interim figures after the close of trading on Wednesday which disappointed analysis. James Capel yesterday down-

graded Thomson-CSF to a sell on the worsening outlook for Crédit Lyonnais, in which Thomson has a 22 per cent stake. Capel'e forecast that



Thomson will cut its dividend for the second year In a row, suffer as a result of losses at Credit Lyonnais and see 1993 earnings possibly fall "to a lower level than in any year since 1984". Thomson was unchanged yesterday at FFr165 while the bank's CI's lost

MILAN saw one of its recent fears come true as Italmobi-liare, the industrial holding company, announced that it was launching a three-prong capital increase involving a three-for-10 stock offer, plus warrants and convertible

Worries about an impending rush of rights issues have overhung the market and the Comit index responded to yesterday's unexpected announce-ment with a 14.89 or 2.4 per

cent fall to 596.15. Italmobiliare shed L1,843 or 4.3 per cent to LA1,300, while Fiat was L212 or 3.4 per cent lower at L5,981 as recent worries were rekindled that it might also be planning an issue, speculation that it has

Ms Deborah Rees of Smith New Court said there was concern that the market would not be able to digest a rash of iesues if companies were prompted to launch capital raising exercises ahead of the government's privatisation programma. She added that ome estimates forecast that the government aimed to raise up to L38,000bn from privatisations in 1994, which compared with L8,000bn of Italian equities currently held in Italian Ferruzzi again traded limit down, losing L32.50 or 10 per cent to L294.20 in the wake of Wednesday's statement from Consob defending its decision not to suspend trading in the shares.

ZURICH shadowed the dollar and initially easiar prices firmed as the US currency rose, leaving the SMI index to

close 12.6 higher at 2,374.4 Nestle, which traded as low as SFr1,039 in early business as SFT1,039 in early business, finished SFT17 ahead ar-SFT1,158, while UBS bearers

added SFr20 to SFr1,153. STOCKHOLM saw a late rally lift some prices, with Ericsson B shares adding Sara to SKr400. The Affarsvarlden teral index fell 6.1 to 1,259.6 in turnover of SKrl.4bn. Volvo B retreated further, of

SKr5 to SKr417. ISTANBUL finished at a second straight record high in active trading, mostly focused on blue chips and banking shares. The composite index rose 200.5 or 1.45 per cent to 14.026.6 for a gain on the week

Rising demand for Eregii, the steel group, helped the market. shead and the share rose TL300 or 9.6 per cent to

European turnover continues to advance

The holiday season failed to dampen enthusiasm in August, says Michael Morgan

Pessimism over economic package depresses Nikkei

PESSIMISM over the effects of the government's economic emergency package depressed sentiment, and the Nikkei average lost 2.1 per cent on profit-taking and arbitrage unwinding, writes Emiko Terazono in Tokyo.

The 225-issue average fell 445.64 to 20,502.15 as investors sold ahead of the economic package's release after the

The Nikkel opened at the day's high of 20,938.69 but weakened as doubts over the package mounted. The index dropped to the day's low of 20,501.95 just before the close.

Volume totalled 261.2m shares, against 305m on Wednesday. Declines ovsrwhelmed advances by 867 to 173, with 137 issues unchanged. The Topix index of all first section stocks retreated 23.24 to 1,657.09. In London the ISE/ Nikkel 50 Index eased 0.03 to 1.268.82

Investors focused on gloomy news regarding the economy, and were discouraged by the annualised 2 per cent negative growth of GNP during the April-June quarter, announced

oo Tuesday. Speculation that the emergeocy package lacked measures which would have an immediate effect on the economy also disappointed market

Meanwhile, some institutional investors liquidated their portfolios to boost profits ahead of the September book closing, while the fall in stocks prompted margin liquidation by individuals.

Profit-taking hit steels. Nippon Steel, the most active issue

linked selling. Industrial Bank of Japan weakened Y30 to Y3,460, Sumitomo Bank Y60 to Y2.270 and Mitsubishi Trust and Banking Y30 to Y1,460.

Nippon Telegraph and Tele-phone, which had been higher on hopes about government tion infrastructure, shed Y15,000 to Y891,000. The stock fell below the Y900,000 level for the first time since July 28, as the likelihood that the plan would be included in the pack-

Electric power companies higher yen. The emergency package is expected to include measures to pass on the bene-fits of the high yen to consum-ers through a reduction of electricity and gas prices. Tokyo Electric Power slipped Y60 to Y3,420 and Kansai Electric

Power Y50 to Y2,850. Shochiku, the movie production and distribution company, was one of the few bright spots of the day, rising Y20 to Y1.280 on reports that it would team up with Sega Enterprises, the video game company, to develop new multimedia soft-

In Osaka, the OSE average receded 248.06 to 22,715.91 in volume of 80.6m shares.

Roundup

THE LARGER markets on the Pacific Rim weakened yester-

HONG KONG fell sharply on disappointment over the latest round of Sino-British talks. The Hang Seng index dropped 70.66 to 7,418.11, finishing just 10 points above

Among blue chips, HSBC declined HK\$1 to HK\$81, Hutchison Whampoa lost 30 cents to HK\$23.10 and Jardine Matheson shed HK\$1.50 to HK\$62. Brokers said property issues were hit hard on the uncertain outlook for real estate. Cheung Kong fell 30 cents to HK\$27, HK Land dipped 30 cents to HK\$17.10

and Sun Hung Kai Properties was down 25 cents at HK\$38.25. SEOUL declined for the third consecutive session in a day of lacklustre trading and the composite stock index finished 5.05 down at 686.39 In turnover of Won205.2bn.

TAIWAN continued to fall back but closed off its intraday low. Tha weighted index, which had dropped more than 40 points at one stage, closed a net 17.09 off at 3,765.01, its lowest finish since Fsbruary 11. Turnover was T\$11.3bn.

MANILA advanced on heavy buying of blue chips and secondary issues and renewed interest in mines. The composite index rose 23.57 to 1,975.73. Turnover shrank to 593.8m pesos from Wednesday's 1.4bn pesos. Rises outscored falls by

AUSTRALIA remained weak, but with attention concentrated on Amcor, up 35 cents, or 4 per cent, at A\$9.24, following its announcement on Monday that it is to buy the paper manufacturing and distribu-tion assets of North Broken Hill Peko for A\$415m.

The All Ordinaries index closed 1.0 lower on balance at 1,902.6, after opening 6.8 up. Turnover amounted to A\$373.3m as the golds index jumped 52.4 to 1,796.2 after bullion prices improved.

topped L600bn throughout much of the month, compared with last year's unusually low level of less than L100bn, when the country was beset by worries about a burgeoning budget

This year, there had been a Volume rose by 5 per cent from July levels after the marked improvement in foreign demand as the economic month-on-month increases of outlook had improved on the 20.8 per cent in July and 20.3 back of interest rstes that had fallen from 15 per cent to 81/4 Mr James Cornish of Nat-

The government's privatisation programme had also provoked much interest, since it was an indication of the administration's determination to tackle its budget deficit difficulties, and It also showed that the country was serious about tackling inefficiency and low productivity in industry.

			ES TURNO		
Bourse	May 1993	Jun 1993	Jul 1993	Aug 1993	US Store
Belgium	40.98	50.65	59.86	84.52	1.8
France	122,95	154.32	151.10	178.99	30.2
Germany	104.40	131.80	188.75	184.40	109.9
Italy	19,665.6	30,864.8	35,687.2	47,394	29.5
Netherlands	15.70	16.90	21,60	23.60	12,5
Spain	1.116.74	844.84	806.04	959.64	7.1
Switzerland	16.70	24.80	26.90	24.50	16.5
UK	40.62	41.88	45.99	50.90	75.6

Volumes represent purchases and cales. Indian deta adjusted to include off-market landing, Some figures may be ravised. Sourcer Markhay Securities

Soain saw the second largest record level set in May. The increase in turnover, up 19.1 per cent from July and 4 per market index, meanwhile, rose 12.3 per cent to an all-time cent above the average of the peak, activity spurred by recurring hopes throughout the previous three months. But turnover was well below the month for lower interest rates.

Continuing expectations of lower rates also underpinned France, where turnover climbed by 17.1 per cent on the month as the local market index advanced 7.3 per cent to an historic high. The rise of the month took volume 23.5 per cent higher than the aversge of the previous three

K turnover expanded by 10.7 per cent to a level not seen since October 1987, the month in which the Black Monday market crash occurred. German turnover fell by 2.3 per cent after its 43.2 per cent rise in July, while Swiss turnover was down 8.9 per cent on the month as the market continued to underperform Europe.

The Commerzbank report on German business and finance

A second chance for "Fortress Europe"?

The launch of the EC's Single Market at the start of this year represented a milestone in the economic integration of Western Europe. Io the meantime. however, the strains created by both German unification and recession in Europe have confronted the Community with a serious dilemma. In view of structural weaknesses which impair competitiveness and a steady rise in unemployment, protectionist sectiment is gaining ground again.

Examples of this abound; they include the EC's new restrictions on imports of "dollar bananas", its conflict with the U.S. on public procurement (especially io telecommunications), the dispute over the Japanese car exporters' voluntary restraint" agreement and the controversial ban on meat imports from Eastern Europe. Even though, as a recent GATT study showed, improved market transparency and a more uniform legal framework have made access to the EC market easier for third countries, fears of a "Fortress Europe" mentality are growing.

No clear-cut strategy

The EC's harmful Common Agricultural Policy and its anti-dumping measures - some 160 of which were in force at end-1992 - remain bones of contention with its external trading partners. The chemical, engineering and textile industries in particular have successfully protested to the EC Commissioo against "unfair" competition. As a result, temporary anti-dumping duties have been imposed. At the same time, as part of its system of general tariff preferences, the EC can set certain

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quotas and ceilings for imports from developing countries of what it considers sensitive goods - s category which is stretched to the very limit.

This underlines the fundamental weakness of the Community's largely "ad hoc" trade policy, which, lacking a clear-cut strategy, can easily be made to serve the wrong ends.

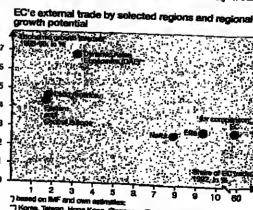
The EC Commission places the interests of individual member

countries oo a par with those of the Community as a whole, leaving the EC's taxpayers and consumers to pick up the bill in the form of higher prices and subsidies. What is more, many of the supposedly temporary trade restrictions have proved to be permanent. Consequently, plans by the EC Commission to increase its powers in this area are vigorously opposed by those EC

members who take a more market-oriented approach to economic policy. In addition, calls to uphoid "fair trade" by retaliating against the unilateral measures adopted by the U.S. cannot be reconciled with the principle - ostensibly espoused by the EC - of a global free-trade regima. Nor are they in the best interests of the Community itself.

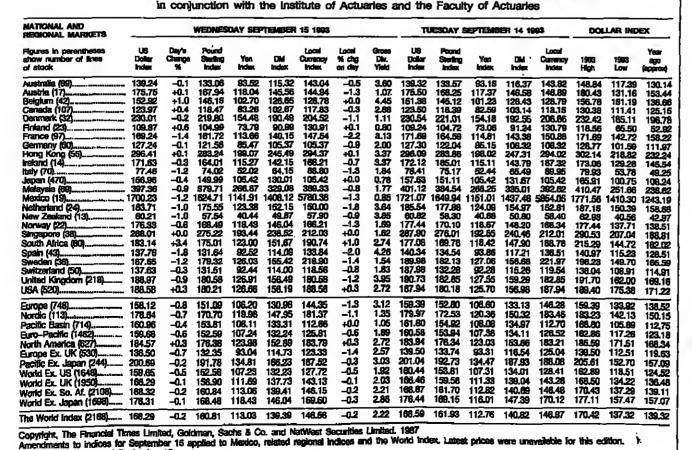
Unlike the members of Nafta and its Asia-Pacific counterparts, the EC countries already have a highly integrated common market, with stronger trade in services likely to provide the main impetus for growth. The entry of the four Esta applicants will not generate any marked expansion in trade, as their economics are already closely linked

with those of the EC. Thus, if its members wish to boost their exports significantly, they will have to look beyond the EC's borders. Indeed, the regions with the greatest growth potential lic outside the EC. For this reason, the European Community would



be well-advised to abandoo its current tariff system based on preferential market access. It should pursue a multilateral approach and do all that it can to bring the Uruguay Round to a successful conclusion. The countries of Central and Eastern Europe in particular urgently need a radical opening-up of the EC's

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